

A black and white photograph of a landscape with rolling hills and a body of water in the foreground, serving as a background for the title.

# **ANNUAL REPORT 2014/15**

## **LAINGSBURG MUNICIPALITY**

*The performance report is issued in terms of Section 46 of the Municipal Systems Act (No. 32 of 2000) and will be included as Chapter 3 and 4 of the Annual Report of the municipality as contemplated in Section 121(3)(c) of the Municipal Finance Management Act (No. 5 of 2000)*

# CONTENTS

LIST OF TABLES .....	7
LIST OF FIGURES.....	13
LIST OF GRAPHS.....	14
CHAPTER 1 .....	15
COMPONENT A: MAYOR'S FOREWORD.....	15
COMPONENT B: EXECUTIVE SUMMARY.....	17
1.1 MUNICIPAL MANAGER'S OVERVIEW.....	17
1.2 MUNICIPAL OVERVIEW .....	19
1.2.1 <i>Vision and Mission</i> .....	19
1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW.....	19
1.3.1 <i>Population</i> .....	19
1.3.2 <i>Households</i> .....	20
1.3.3 <i>Socio Economic Status</i> .....	21
1.3.4 <i>Demographic Information</i> .....	21
1.4 SERVICE DELIVERY OVERVIEW.....	25
1.4.1 <i>Basic Services Delivery Performance Highlights</i> .....	25
1.4.2 <i>Basic Services Delivery Challenges</i> .....	25
1.4.3 <i>Proportion of Households With Access to Basic Services</i> .....	26
1.5 FINANCIAL HEALTH OVERVIEW .....	26
1.5.1 <i>National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)</i> .....	26
1.5.2 <i>Financial Overview</i> .....	26
1.5.3 <i>Total Capital Expenditure</i> .....	26
1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW.....	27
1.6.1 <i>Municipal Transformation and Organisational Development Highlights</i> .....	27
1.6.2 <i>Municipal Transformation and Organisational Development Challenges</i> .....	27
1.7 AUDITOR GENERAL REPORT .....	27
1.7.1 <i>Audited Outcomes</i> .....	27
1.8 2014/15 IDP/BUDGET PROCESS.....	27
CHAPTER 2 .....	29
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE .....	29
2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION .....	29
2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION .....	29
2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION .....	30
2.4 GOVERNANCE STRUCTURE .....	30
2.4.1 <i>Political Governance Structure</i> .....	30
2.4.2 <i>Administrative Governance Structure</i> .....	31
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....	32
2.5 INTERGOVERNMENTAL RELATIONS .....	32

# CONTENTS

2.5.1	<i>Intergovernmental Structures</i> .....	32
2.5.2	<i>Joint Projects And Functions With Sector Departments</i> .....	33
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....		34
2.6.1	PUBLIC MEETINGS .....	34
2.6.2	WARD COMMITTEES.....	34
a)	<i>Ward 1: Bergsig (Laingsburg), Matjiesfontein and farms</i> .....	35
b)	<i>Ward 2: Central Town (Laingsburg) and Moordenaars Karoo farms</i> .....	35
c)	<i>Ward 3: Bo Dorp (Laingsburg)</i> .....	36
d)	<i>Ward 4: Goldnerville (Laingsburg), Vleiland farms and Fonteintjies farms</i> .....	36
2.6.3	FUNCTIONALITY OF WARD COMMITTEE .....	36
2.6.4	REPRESENTATIVE FORUMS .....	37
a)	<i>Labour Forum</i> .....	37
b)	<i>IDP Forum</i> .....	37
COMPONENT D: CORPORATE GOVERNANCE .....		38
2.7	RISK MANAGEMENT .....	38
2.8	ANTI-CORRUPTION AND ANTI-FRAUD .....	39
2.8.1	<i>Developed Strategies</i> .....	39
2.9	AUDIT COMMITTEE.....	39
2.9.1	<i>Functions of the Audit Committee</i> .....	40
2.9.2	<i>Members of the Audit Committee</i> .....	40
2.10	PERFORMANCE AUDIT COMMITTEE.....	41
a)	<i>Functions of the Performance Audit Committee</i> .....	41
b)	<i>Members of the Performance Audit Committee</i> .....	42
2.11	INTERNAL AUDITING .....	42
2.12	BY-LAWS AND POLICIES .....	42
2.13	COMMUNICATION .....	42
2.14	WEBSITE.....	43
2.15	SUPPLY CHAIN MANAGEMENT.....	44
2.15.1	<i>Competitive Bids in Excess of R200 000</i> .....	44
2.15.2	<i>Deviation from Normal Procurement Processes</i> .....	45
CHAPTER 3 .....		47
3.1	OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION.....	47
3.1.1	LEGISLATIVE REQUIREMENTS.....	48
3.1.2	ORGANISATION PERFORMANCE.....	48
3.1.3	THE PERFORMANCE SYSTEM FOLLOWED FOR 2014/15.....	48
a)	<i>Adoption of a Performance Management Framework</i> .....	48
b)	<i>The IDP and the Budget</i> .....	49
c)	<i>The Service Delivery Budget Implementation Plan</i> .....	49
d)	<i>Actual Performance</i> .....	50
3.2	INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2014/15.....	50



## CONTENTS

3.2.1	STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER).....	50
a)	<i>Top Layer SDBIP – Create an environment conducive for economic development.....</i>	52
b)	<i>Top Layer SDBIP – Developing a safe, clean, healthy and sustainable environment for communities .....</i>	53
c)	<i>Top Layer SDBIP – Effective maintenance of municipal assets and natural resources.....</i>	53
d)	<i>Top Layer SDBIP – Improve the standards of living of all people in Laingsburg .....</i>	54
e)	<i>Top Layer SDBIP – Provision of infrastructure to deliver improved services to all residents and business... 55</i>	
f)	<i>Top Layer SDBIP – To achieve financial viability in order to render affordable services to residents.....</i>	57
g)	<i>Top Layer SDBIP – To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values .....</i>	58
3.2.2	SERVICE PROVIDERS STRATEGIC PERFORMANCE.....	59
3.2.3	MUNICIPAL FUNCTIONS .....	60
a)	<i>Analysis of Functions.....</i>	60
3.3	COMPONENT A: BASIC SERVICES .....	61
3.3.1	WATER SERVICES.....	61
a)	<i>Introduction to Water Services .....</i>	61
b)	<i>Highlights: Water Services.....</i>	61
c)	<i>Challenges: Water Services.....</i>	61
d)	<i>Water Service Delivery Levels.....</i>	62
e)	<i>Employees: Water Services.....</i>	62
f)	<i>Capital Expenditure: Water Services .....</i>	63
3.3.2	WASTE WATER (SANITATION) PROVISION .....	63
a)	<i>Introduction to Waste Water (Sanitation) Provision.....</i>	63
b)	<i>Highlights: Waste Water (Sanitation) Provision .....</i>	63
c)	<i>Challenges: Waste Water (Sanitation) Provision .....</i>	64
d)	<i>Waste Water (sanitation) Provision Service Delivery Levels .....</i>	64
e)	<i>Employees: Waste Water (Sanitation) Provision.....</i>	65
f)	<i>Capital Expenditure: Waste Water (Sanitation) Provision.....</i>	65
3.3.3	ELECTRICITY SERVICES .....	66
a)	<i>Introduction to Electricity Services .....</i>	66
b)	<i>Challenges: Electricity Services.....</i>	66
c)	<i>Electricity Service Delivery Levels.....</i>	66
d)	<i>Employees: Electricity Services .....</i>	67
e)	<i>capital expenditure: Electricity services.....</i>	67
3.3.4	WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) .....	67
a)	<i>Introduction to Waste Management.....</i>	67
b)	<i>Highlights: Waste Management .....</i>	67
c)	<i>Challenges: Waste Management.....</i>	67
d)	<i>Waste Management Service Delivery Levels.....</i>	68
e)	<i>Employees: Waste Management.....</i>	69
f)	<i>Capital Expenditure: Waste Management.....</i>	69
3.3.5	HOUSING.....	69



## CONTENTS

a)	<i>Introduction to Housing</i> .....	69
b)	<i>Highlights: Housing</i> .....	69
c)	<i>Challenges: Housing</i> .....	69
3.3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT.....	70
a)	<i>Introduction</i> .....	70
3.4	COMPONENT B: ROAD TRANSPORT.....	72
3.4.1	ROADS.....	72
a)	<i>Introduction to Roads</i> .....	72
b)	<i>Employees: Roads</i> .....	72
c)	<i>Capital Expenditure: Roads</i> .....	73
3.4.2	WASTE WATER (STORMWATER DRAINAGE).....	73
a)	<i>Introduction to Waste Water (Stormwater Drainage)</i> .....	73
b)	<i>Waste Water (Stormwater Drainage) Maintained and Upgraded</i> .....	73
c)	<i>Capital Expenditure: waste water (Stormwater Drainage)</i> .....	74
3.5	COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT .....	74
3.5.1	PLANNING.....	74
a)	<i>Service Delivery Statistics: Planning</i> .....	74
3.5.2	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) .....	74
B)	<i>Highlights: LED</i> .....	74
c)	<i>Challenges: LED</i> .....	75
d)	<i>LED Strategy</i> .....	75
e)	<i>LED Initiatives</i> .....	76
f)	<i>Additional Service Delivery Statistics: LED Initiatives</i> .....	77
3.6	COMPONENT D: COMMUNITY AND SOCIAL SERVICES.....	77
3.6.1	LIBRARIES.....	77
a)	<i>Highlights: Libraries</i> .....	77
b)	<i>Challenges: Libraries</i> .....	77
c)	<i>Service Statistics for Libraries</i> .....	78
d)	<i>Employees Libraries</i> .....	78
e)	<i>Capital Expenditure: Libraries</i> .....	78
3.6.2	CEMETERIES.....	78
a)	<i>Service Statistics for Cemeteries</i> .....	78
3.6.3	CHILD CARE; AGED CARE; SOCIAL PROGRAMMES.....	79
A)	<i>Highlights: Child Care; Aged Care; Social Programmes</i> .....	79
B)	<i>Challenges: Child Care; Aged care; Social programmes</i> .....	79
c)	<i>Service Statistics for Child Care; Aged Care; Social Programmes</i> .....	79
3.7	COMPONENT E: SECURITY AND SAFETY .....	80
3.7.1.	PUBLIC SAFETY.....	80
a)	<i>Introduction to Public Safety</i> .....	80
b)	<i>Highlights: Public Safety</i> .....	80

## CONTENTS

c)	<i>Challenges: Public safety</i> .....	80
d)	<i>Service statistics For Public Safety</i> .....	81
e)	<i>Employees: Public Safety</i> .....	81
3.8	COMPONENT F: SPORT AND RECREATION.....	82
3.9.1	INTRODUCTION TO SPORT AND RECREATION .....	82
a)	<i>Service Statistics For Sport and Recreation</i> .....	82
b)	<i>Employees: Sport and Recreation</i> .....	82
c)	<i>Capital Expenditure: Sport and Recreation</i> .....	83
3.10	COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	83
3.10.1	FINANCIAL SERVICES.....	83
a)	<i>Employees: Financial Services</i> .....	83
3.10.2	HUMAN RESOURCES .....	84
a)	<i>Highlights: Human Resources</i> .....	84
b)	<i>Challenges: Human Resources</i> .....	84
c)	<i>Employees: Human Resources</i> .....	84
3.10.3	PROCUREMENT SERVICES.....	84
a)	<i>Challenges: Procurement Services</i> .....	84
b)	<i>Service Statistics for Procurement Services</i> .....	85
c)	<i>Details of Deviations for Procurement Services</i> .....	85
3.11	COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2015/16 .....	86
3.11.1	CREATE AN ENVIRONMENT CONDUCIVE FOR ECONOMIC DEVELOPMENT.....	86
3.11.2	DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES.....	86
3.11.3	EFFECTIVE MAINTENANCE AND MANAGEMENT OF MUNICIPAL ASSETS AND NATURAL RESOURCES .....	86
3.11.4	IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG.....	87
3.11.5	PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS.....	88
3.11.6	TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS .....	88
3.11.7	TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES .....	89
CHAPTER 4	.....	91
4.1	NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT.....	91
4.2	INTRODUCTION TO THE MUNICIPAL WORKFORCE.....	91
4.2.1	EMPLOYMENT EQUITY .....	91
a)	<i>Employment Equity Targets/Actual</i> .....	91
b)	<i>Specific Occupational Categories - Race</i> .....	92
c)	<i>Specific Occupational Levels - Race</i> .....	92
d)	<i>Departments - Race</i> .....	93
4.2.2	VACANCY RATE.....	93
4.2.3	TURNOVER RATE .....	94
4.3	MANAGING THE MUNICIPAL WORKFORCE.....	94

# CONTENTS

4.3.1	INJURIES.....	94
4.3.2	SICK LEAVE.....	95
4.3.3	HR POLICIES AND PLANS.....	95
4.4	CAPACITATING THE MUNICIPAL WORKFORCE .....	96
4.4.1	SKILLS MATRIX.....	96
4.4.2	SKILLS DEVELOPMENT – TRAINING PROVIDED .....	97
4.4.3	SKILLS DEVELOPMENT - BUDGET ALLOCATION .....	97
4.4.4	MFMA COMPETENCIES .....	98
4.5	MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE .....	99
4.5.1	PERSONNEL EXPENDITURE.....	99
CHAPTER 5 .....		102
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....		102
5.1	FINANCIAL SUMMARY.....	102
5.1.1	<i>Overall Financial Summary .....</i>	<i>102</i>
5.1.2	<i>Revenue Collection by Vote .....</i>	<i>105</i>
5.1.3	<i>Revenue Collection by Source .....</i>	<i>106</i>
5.1.4	<i>Operational Services Performance .....</i>	<i>107</i>
5.2	FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION.....	108
5.2.1	<i>Water Services .....</i>	<i>108</i>
5.2.2	<i>Waste Water (Sanitation) Provision.....</i>	<i>108</i>
5.2.3	<i>Electricity .....</i>	<i>109</i>
5.2.4	<i>Waste Management.....</i>	<i>109</i>
5.2.5	<i>Housing .....</i>	<i>110</i>
5.2.6	<i>Roads and Stormwater.....</i>	<i>110</i>
5.2.7	<i>IDP, Local Economic Development and social.....</i>	<i>111</i>
5.2.9	<i>Planning and Building Control.....</i>	<i>111</i>
5.2.9	<i>Cemeteries .....</i>	<i>112</i>
5.2.10	<i>Libraries .....</i>	<i>112</i>
5.2.11	<i>Traffic and Law enforcement.....</i>	<i>113</i>
5.2.12	<i>Sport and Recreation .....</i>	<i>113</i>
5.2.13	<i>Administration .....</i>	<i>114</i>
5.2.14	<i>Finance .....</i>	<i>114</i>
5.2.15	<i>HR .....</i>	<i>115</i>
5.3	GRANTS.....	115
5.3.1	<i>Grant Performance .....</i>	<i>115</i>
5.3.2	<i>Conditional Grants (Excluding MIG).....</i>	<i>116</i>
5.3.3	<i>Level of Reliance on Grants &amp; Subsidies.....</i>	<i>116</i>
5.4	ASSET MANAGEMENT.....	116
5.4.1	<i>Repairs and Maintenance.....</i>	<i>116</i>
5.5	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	116



## CONTENTS

5.5.1	<i>Liquidity Ratio</i>	116
5.5.2	<i>IDP Regulation Financial Viability Indicators</i>	117
5.5.3	<i>Borrowing Management</i>	117
5.5.4	<i>Employee Costs</i>	117
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET		117
5.6	CAPITAL EXPENDITURE: SOURCES OF FINANCE	117
5.7	MUNICIPAL INFRASTRUCTURE GRANT (MIG)	118
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS		119
5.8	CASH FLOW	119
5.9	GROSS OUTSTANDING DEBTORS PER SERVICE	121
5.10	TOTAL DEBTORS AGE ANALYSIS	121
5.11	BORROWING AND INVESTMENTS	122
5.11.1	<i>Actual Borrowings</i>	122
5.11.2	<i>Municipal Investments</i>	122
CHAPTER 6		123
COMPONENT A: AUDITOR-GENERAL OPINION 2013/14		123
6.1	AUDITOR GENERAL REPORT 2013/14	123
COMPONENT B: AUDITOR-GENERAL OPINION 2014/15		123
6.2	AUDITOR GENERAL REPORT 2014/15	123
LIST OF ABBREVIATIONS		128

### LIST OF TABLES

Table 1:	Demographic information of the municipal area – Total population	20
Table 2:	Total number of households	20
Table 3:	Socio Economic Status	21
Table 4:	Municipal Wards	22
Table 5:	Key economic activities	25
Table 6:	Basic Services Delivery Highlights	25
Table 7:	Basic Services Delivery Challenges	26
Table 8:	Households with minimum level of Basic Services	26
Table 9:	National KPI's for financial viability and management	26
Table 10:	Financial Overview	26
Table 11:	Total Capital Expenditure	27
Table 12:	Municipal Transformation and Organisational Development Highlights	27

## CONTENTS

Table 13.:	Municipal Transformation and Organisational Development Challenges .....	27
Table 14.:	Audit Outcomes .....	27
Table 15.:	2014/15 IDP/Budget Process .....	28
Table 16.:	National KPIs - Good Governance and Public Participation Performance .....	29
Table 17.:	Good Governance and Public Participation Performance Highlights .....	29
Table 18.:	Good Governance and Public Participation Challenges .....	30
Table 19.:	Council .....	30
Table 20.:	Council meetings .....	31
Table 21.:	Administrative Governance Structure.....	32
Table 22.:	Intergovernmental Structures .....	33
Table 23.:	Joint Projects and Functions with Sector Departments .....	34
Table 24.:	Public Meetings.....	34
Table 25.:	Ward 1 Committee Meetings .....	35
Table 26.:	Ward 2 Committee Meetings .....	35
Table 27.:	Ward 3 Committee Meetings .....	36
Table 28.:	Ward 4 Committee Meetings .....	36
Table 29.:	Functioning of Ward Committees .....	37
Table 30.:	Labour Forum.....	37
Table 31.:	IDP Forum .....	38
Table 32.:	Top five risks.....	39
Table 33.:	Anti-Corruption & Fraud Prevention Strategies .....	39
Table 34.:	Members of the Audit Committee.....	40
Table 35.:	Members of the Performance Audit Committee .....	42
Table 36.:	Communication Activities.....	43
Table 37.:	Website Checklist.....	44
Table 38.:	Bid Committee Meetings.....	44
Table 39.:	Attendance of members of bid specification committee .....	45
Table 40.:	Attendance of members of bid evaluation committee .....	45
Table 41.:	Attendance of members of bid adjudication committee .....	45



## CONTENTS

Table 42.:	Ten highest bids awarded by bid adjudication committee .....	45
Table 43.:	. Details of Deviations for Procurement Services.....	46
Table 44.:	Top Layer SDBIP – Create an environment conducive for economic development.....	52
Table 45.:	Top Layer SDBIP – Developing a safe, clean, healthy and sustainable environment for communities ... .....	53
Table 46.:	Top Layer SDBIP – Effective maintenance of municipal assets and natural resources .....	54
Table 47.:	Top Layer SDBIP –Improve the standards of living of all people in Laingsburg .....	55
Table 48.:	Top Layer SDBIP – Provision of infrastructure to deliver improved services to all residents and business.....	57
Table 49.:	Top Layer SDBIP – To achieve financial viability in order to render affordable services to residents ... .....	58
Table 50.:	Top Layer SDBIP – To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values.....	59
Table 51.:	Functional Areas.....	61
Table 52.:	Water Services Highlights .....	61
Table 53.:	Water Services Challenges .....	61
Table 54.:	Water service delivery levels: Households.....	62
Graph 4.:	Water Service Delivery levels.....	62
Table 55.:	Employees: Water Services .....	63
Table 56.:	Capital Expenditure 2014/15: Water Services.....	63
Table 57.:	Waste Water (Sanitation) Provision Highlights .....	63
Table 58.:	Waste Water (Sanitation) Provision Challenges .....	64
Table 59.:	Waste Water (Sanitation) Provision service delivery levels .....	64
Table 60.:	Employees Waste Water (Sanitation) Provision.....	65
Table 61.:	Capital Expenditure 2014/15: Waste Water (Sanitation) Provision.....	65
Table 62.:	Electricity Challenges .....	66
Table 63.:	Electricity service delivery levels .....	66
Table 64.:	Capital Expenditure 2014/15: Electricity Services .....	67
Table 65.:	Waste Management Highlights .....	67
Table 66.:	Waste Management Challenges .....	68
Table 67.:	Solid Waste Service Delivery Levels .....	68

## CONTENTS

Table 68.: Employees: Solid Waste Services.....	69
Table 69.: Housing Highlights .....	69
Table 70.: Housing Challenges .....	69
Table 71.: Housing waiting list .....	70
Table 72.: Houses built in 2014/15 .....	70
Table 73.: Free basic services to indigent households.....	70
Table 74.: Free basic Electricity services to indigent households .....	71
Table 75.: Free basic Water services to indigent households.....	71
Table 76.: Free basic Sanitation services to indigent households .....	71
Table 77.: Free basic Refuse Removal services to indigent households per type of service .....	71
Table 78.: Gravel road infrastructure .....	72
Table 79.: Tarred road infrastructure .....	72
Table 80.: Cost of construction/maintenance of roads .....	72
Table 81.: Employees: Roads.....	73
Table 82.: Stormwater infrastructure .....	73
Table 83.: Cost of construction/maintenance of stormwater systems.....	74
Table 84.: Service Delivery statistics: Planning .....	74
Table 85.: LED Highlights.....	74
Table 86.: Challenges LED.....	75
Table 87.: LED Objectives and Strategies.....	76
Table 88.: Job creation through EPWP projects.....	77
Table 89.: LED initiatives .....	77
Table 90.: Libraries Highlights .....	77
Table 91.: Libraries Challenges .....	77
Table 92.: Service statistics for Libraries.....	78
Table 93.: Employees: Libraries.....	78
Table 94.: Service stats for Cemeteries .....	78
Table 95.: Child care; Aged care; Social programmes Highlights.....	79
Table 96.: Child care; Aged care; Social programmes Challenges .....	79



## CONTENTS

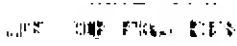
Table 97.:	Service statistics for Child care; Aged care; Social programmes .....	80
Table 98.:	Public Safety Services Highlights .....	80
Table 99.:	Public Safety Services Challenges .....	81
Table 100.:	Service Statistics for Public Safety .....	81
Table 101.:	Employees: Public Safety .....	82
Table 102.:	Additional performance information for Sport and Recreation.....	82
Table 103.:	Employees: Sport and Recreation.....	83
Table 104.:	Employees: Financial services .....	83
Table 105.:	Human Resources Highlights.....	84
Table 106.:	Human Resources Challenges.....	84
Table 107.:	Employees: Human Resource services .....	84
Table 108.:	Procurement Services Challenges.....	85
Table 109.:	Service Statistics for Procurement Division .....	85
Table 110.:	Details of Deviations for Procurement services .....	85
Table 111.:	Service Delivery Priorities for 2015/16 – Create an environment conducive for economic development.....	86
Table 112.:	Services Delivery Priorities for 2015/16 – Developing a safe, clean, healthy and sustainable environment for communities.....	86
Table 113.:	Services Delivery Priorities for 2015/16 – Effective maintenance and management of municipal assets and natural resources.....	87
Table 114.:	Services Delivery Priorities for 2015/16 – Improve the standards of living of all people in Laingsburg.....	88
Table 115.:	Services Delivery Priorities for 2015/16 – Provision of infrastructure to deliver improved services to all residents and business .....	88
Table 116.:	Service Delivery Priorities for 2015/16 - To achieve financial viability in order to render affordable services to residents.....	89
Table 117.:	Service Delivery Priorities for 2015/16 - To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values .....	90
Table 118.:	National KPIs– Municipal Transformation and Organisational Development .....	91
Table 119.:	2014/15 EE targets/Actual by racial classification .....	91
Table 120.:	2014/15 EE targets/actual by gender classification.....	92
Table 121.:	Occupational Categories.....	92



## CONTENTS

Table 122.:	Occupational Levels .....	93
Table 123.:	Department – Race .....	93
Table 124.:	Vacancy rate per post and functional level.....	94
Table 125.:	Vacancy rate per salary level .....	94
Table 126.:	Turnover Rate.....	94
Table 127.:	Injuries.....	95
Table 128.:	Sick Leave .....	95
Table 129.:	HR policies and plans .....	96
Table 130.:	Skills Matrix .....	96
Table 131.:	Skills Development.....	97
Table 132.:	Budget allocated and spent for skills development.....	98
Table 133.:	MFMA Competencies .....	99
Table 134.:	Personnel Expenditure .....	99
Table 135.:	Personnel Expenditure .....	101
Table 136.:	Financial Performance 2014/15 .....	104
Table 137.:	Revenue by Vote .....	106
Table 138.:	Revenue by Source.....	106
Table 139.:	Operational Services Performance.....	107
Table 140.:	Financial Performance: Water Services .....	108
Table 141.:	Financial Performance: Waste Water (Sanitation) Services .....	108
Table 142.:	Financial Performance: Electricity .....	109
Table 143.:	Financial Performance: Waste Management .....	109
Table 144.:	Financial Performance: Housing.....	110
Table 145.:	Financial Performance: Waste Water (Stormwater).....	110
Table 146.:	Financial Performance: IDP, Local Economic Development and Social.....	111
Table 147.:	Financial Performance: Planning and Building Control.....	111
Table 148.:	Financial Performance: Cemeteries.....	112
Table 149.:	Financial Performance: Libraries.....	112
Table 150.:	Financial Performance: Traffic and Law enforcement .....	113

## CONTENTS

Table 151.:	Financial Performance: Sport and Recreation .....	113
Table 152.:	Financial Performance: Administration .....	114
Table 153.:	Financial Performance: Finance .....	114
Table 154.:	Financial Performance: HR .....	115
Table 155.:	Grant Performance for 2014/15 .....	115
Table 156.:	Conditional Grant (excl. MIG) .....	116
Table 157.:	Reliance on grants.....	116
Table 158.:	Repairs & maintenance as % of total Operating Revenue.....	116
Table 159.:	Liquidity Financial Ratio .....	116
Table 160.:	Financial Viability National KPAs .....	117
Table 161.:	Borrowing Management .....	117
Table 162.:	Employee Costs .....	117
Table 163.:	Capital Expenditure by funding source .....	118
Table 164.:	Municipal Infrastructure Grant (MIG) .....	119
Table 165.:	Cash flow .....	120
Table 166.:	Gross outstanding debtors per service.....	121
Table 167.:	Outstanding debtor age analysis .....	121
Table 168.:	Actual Borrowings .....	122
Table 169.:	Municipal Investments.....	122
Table 170.:	AG Report 2013/14.....	123
Table 171.:	AG Report 2014/15.....	127
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">  </div>		
Figure 1.:	Laingsburg Area map .....	22
Figure 2.:	SDBIP Measurement Categories.....	51

## CONTENTS

### LIST OF GRAPHS

Graph 1.: Total Population Growth .....	20
Graph 2.: Indigent households .....	21
Graph 3.: Overall performance per Strategic objective .....	52
Graph 4.: Water Service Delivery levels.....	62
Graph 5.: Sanitation/Sewerage Service Delivery Levels.....	65
Graph 6.: Electricity service delivery levels .....	67
Graph 7.: Refuse Removal Service Delivery Levels .....	68
Graph 8.: Revenue.....	104
Graph 9.: Operating expenditure .....	105
Graph 10.: Outstanding debt per type of service .....	121

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

LAINGSBURG MUNICIPALITY

LAINGSBURG MUNICIPALITY'S FOREWORD

This Annual Report is compiled in accordance with Section 46 of the Local government:

- \* Municipal Systems Act (No.32 of 2000) and Section 121 of the Local Government: Municipal
- \* Finance Management Act (No.56 of 2003).

As Mayor of our proud Municipality, it is a privilege to convey the Council's message on our vision and achievements during the 2014/15 financial year.



This report contains valuable information on the municipal area of Laingsburg as well as the functions and operations of the municipality. The information is valuable for government, the municipality, businesses and organisations who want to invest and do business in Laingsburg. It also serves to inform local business and community organisations in Laingsburg.

I am proud of the Laingsburg Municipality and our achievements over the last 5 years. The municipality provides quality municipal services of very good standards that are compared with the best in SA. New infrastructure is still being installed, with the objective of contributing to the general welfare of all our inhabitants, an also to make us proud "Laingsburgers". We might be a small town, but we can be a beautiful and the friendliest town.

As part of the preparations for the review of the Integrated Development Plan (IDP), the municipality ensures that the objectives of the municipality are aligned to all the relevant national, provincial and local strategies including the following:

- \* Millennium Development Goals;
- \* National Development Plan;
- \* National Infrastructure Plan;
- \* Government outcomes 1-12;
- \* National Spatial Development Perspective (NSDP);
- \* Provincial Priorities (State of the Province Address); and
- \* Provincial Growth and Development Strategy (PGDS).

The analysis phase of the IDP review for the 2014/15 financial year has been categorized according to the seven strategic goals as contained in the Provincial Growth and Development Strategy (PGDS), namely:

- \* Job Creation;
- \* Human Resource Development;
- \* Human and Community Development;
- \* Strategic Infrastructure;
- \* Response to Climate Change;

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

- \* Governance and Policy; and
- \* Spatial Equity.

Laingsburg Municipality continuously pursues improvements in public participation and accountability. The IDP Representative Forum and the Ward Committee meetings remained the main institutional arrangements to ensure sound public participation in the review of the IDP and performance targets.

The past year we conducted monthly Ward Committee meetings, quarterly IDP representative forums as well as the IDP and Budget Roadshow. We have also implemented a Community Feedback section that takes place frequently to give feedback to the community of Laingsburg on arising matters.

The 2014/15 financial has been a success for the municipality as we now move forward in terms of strengthening our strategic plans and processes and in order to ensure that we adhere to our municipality's vision of creating a desirable place to live invest and visit, where all people enjoy a sustainable quality of life.

The President at the end of 2014 made a call on municipalities "Back to basics" I think Laingsburg municipality is already there. I can ensure residents that Council and administration will continue to strive to provide the best services for its residents.

I would like to thank the Municipal Manager and his staff for preparing this report, but more so for their dedication and hard work towards achieving our goals.

**Councillor Wilhelm Theron**

**Executive Mayor**

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.1 MUNICIPAL MANAGER'S OVERVIEW

This Annual Report is for the 2014/2015 financial year.

The statutorily required Annual Report of municipalities' contains information on the achievements of a municipal Council's adopted Integrated Development Plan (IDP), annual Budget and its Service Delivery and Budget Implementation Plan (SDBIP).

As Municipal Manager, and Accounting Officer of the Laingsburg Municipality, it is my privilege to provide an annual account of the Laingsburg Municipality's achievements for the year under review. It is a pleasure to indicate the outcomes of the collective efforts of the Council and Administration to deliver services to our community in accordance with the powers and functions as defined in the Constitution of the Republic of South Africa.

It is our goal to provide municipal services in an equitable and sustainable manner. To achieve this, we engage with our communities and collaborate with private organisations and other spheres of government. In this regard the Western Cape Government Departments of Local Government, Housing and Finance (Provincial Treasury) are particularly mentioned. We also collaborate with all municipalities in the Central Karoo District Region. These endeavours contribute to the establishment of solutions to optimise our ability to provide quality services and support to all inhabitants of the Laingsburg Municipality as well as people visiting.

The following financial and governance achievements are proudly indicated:

- \* We are pleased to report that the Laingsburg Municipality received an unqualified audit opinion for the 2014/ 2015 financial year.
- \* The Municipality spent R21 356 106 of its Capital expenditure during 2014/2015 which is 108.6% more compared with the previous financial years. The Municipality has no external loans and were able to pay all municipal creditors.
- \* Our debtors remain a challenge for the municipality especially for debt older than 30 days, but we are constantly looking at innovative ways to improve credit control and debt collection.
- \* We maintain effective, efficient and transparent systems for financial administration, risk management and internal control.
- \* We have completed a functional Organisational Review and Re-design of the Administration to refine our staff establishment and staff training plans.

We also are proud the report on the following achievements improving the quality of livelihoods in our community:

- \* Housing
- \* Infrastructure
- \* Poverty relief
- \* Sport
- \* Greening



## **CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

- **Recreation**

I sincerely acknowledge the commitment made by the committed staff in our administration. Similarly, I wish to extend my heartfelt appreciation to the political leadership, The Mayor, Councillors for their constructive contributions and dedication in the pursuit of building sustainable Laingsburg Municipality.

Laingsburg Municipality is driven by the slogan "Together we can make Laingsburg a better place".

Again I dedicate this Annual Report to the community of Laingsburg, with the pledge that we will in the years to come continue to search for innovative solutions to make this municipality an attractive space to live and develop.

**Mr. P A Williams**

**Municipal Manager**

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.2 MUNICIPAL OVERVIEW

This report addresses the performance of the Laingsburg Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2014/15 Annual Report reflects on the performance of the Laingsburg Municipality for the period 1 July 2014 to 30 June 2015. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

### 1.2.1 VISION AND MISSION

The Laingsburg Municipality committed itself to the following vision and mission:

*"A desirable place to live, invest and visit, where all people enjoy a sustainable quality of life"*

**To create a people centered and economically viable municipality where all have equal access to:**

- \* basic social services
- \* educational and skills enhancement programmes
- \* entrepreneurial and job opportunities as well as

**Enjoy a clean, sustainable environment embedded in safety and security, which is governed by a participative, professional, transparent and accountable administration**

## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.3.1 POPULATION

The municipality is estimated to have a population of 8 889 in the 2014/15 financial year. This shows a 2.4% increase against the population of 8 683 in 2013/14.



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### A) TOTAL POPULATION

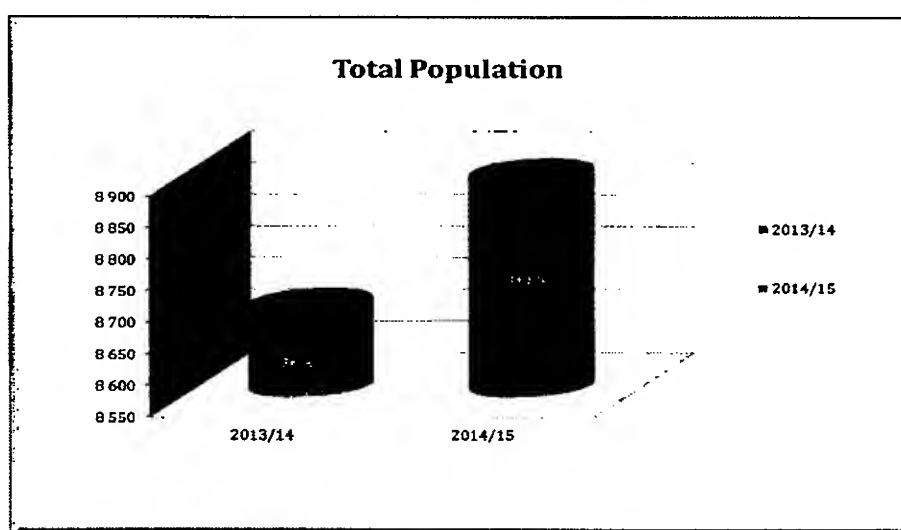
The table below indicates the total population within the municipal area:

Year	Number of Households	Total Population	African	Coloured	Indian	White	Other
2012/13	2 408	8 289	578	6 546	20	1 103	42
2013/14	2 447	8 683	606	6 858	21	1 156	42
2014/15	2447	8 889	620	7019	22	1183	45

*Source: Stats SA Census, 2011*

**Table 1.: Demographic Information of the municipal area – Total population**

The graph below illustrates the yearly population growth for the municipal area.



**Graph 1.: Total Population Growth**

### 1.3.2 HOUSEHOLDS

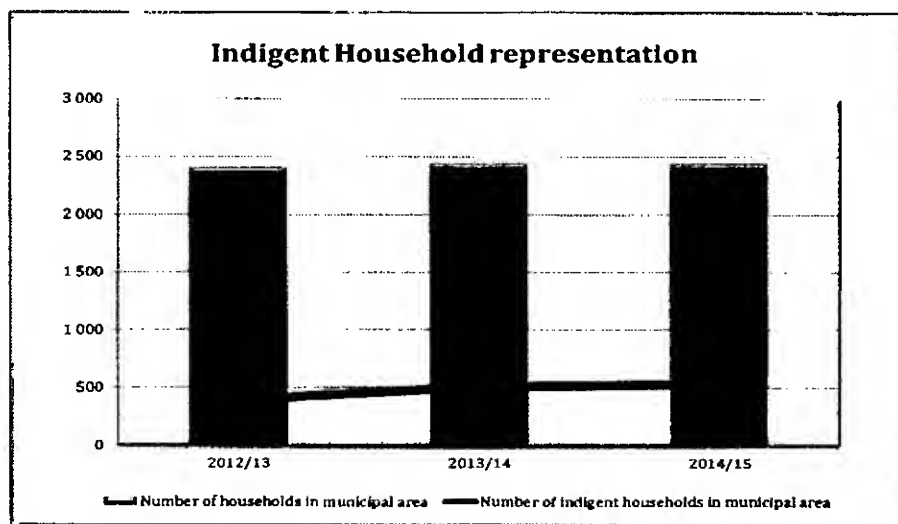
The total number of households within the municipal area remained the same at 2 447 households in the 2013/14 and 2014/15 financial year.

Households	2012/13	2013/14	2014/15
Number of households in municipal area	2 408	2 447	2 447
Number of indigent households in municipal area	396	506	530

**Table 2.: Total number of households**

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The graph below shows that the total number of indigent households increased from 506 households in 2013/14 to 530 households in the 2014/15 financial year.



Graph 2.: Indigent households

### 1.3.3 SOCIO ECONOMIC STATUS

Financial year	Housing Backlog	Unemployment rate	Households with no income	HIV/AIDS Prevalence 2010	Urban/rural household split
2012/13	703	22.4%	128HH & 18.8%	1%	91%/9%
2013/14	747	22.4	127HH & 25.1%	1%	91%/9%
2014/15	626	22.4%	127 HH & 25.1%	1%	91%/9%

Table 3.: Socio Economic Status

### 1.3.4 DEMOGRAPHIC INFORMATION

#### A) MUNICIPAL GEOGRAPHICAL INFORMATION

Laingsburg Local Municipality (LLM) is located in the Central Karoo region of the Western Cape. It is the smallest municipality in South Africa with a total population estimate of 8 889 with (Stats 2011 projections for 2014) 2 447 households. The municipality's main socio-economic challenges include the municipal inability to attract investors to the town, high unemployment and a declining school enrolment. Agriculture has historically been the dominant sector in the region, but as there has been strong growth in finance, insurance, real estate and business services which is linked to various sectors within the Laingsburg Municipality environment, including wholesale and retail, trade, catering, and accommodation.

The municipality covers an area of approximately 8 800 square kilometres and the town of Laingsburg, 276 km from Cape Town, is the main centre which straddles the N1 National Road.

Historically, a village was established along the banks of the Buffels River in 1880, which was first called Buffalo, followed by Nassau and then Laingsburg. Thirty years ago, on Sunday 25th of January 1981, a devastating flood

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

that laid Laingsburg waste, secured for this Karoo town a permanent place on the map and in the history of South Africa. Within a few hours the whole town was under water (the water reached heights four times greater than any other flood over the previous two centuries). 104 Inhabitants lost their lives and 184 houses were destroyed.

### B) WARDS

The municipality is structured into the following 4 wards:

Ward	Areas
1	Bergsig (Laingsburg), Matjiesfontein and farms
2	Central Town (Laingsburg) and Moordenaars Karoo farms
3	Bo Dorp (Laingsburg)
4	Goldnerville (Laingsburg), Vleiland farms and Fonteintjies farms

Table 4.: Municipal Wards

Below is a map that indicates the Municipal Area in the Central Karoo District area:

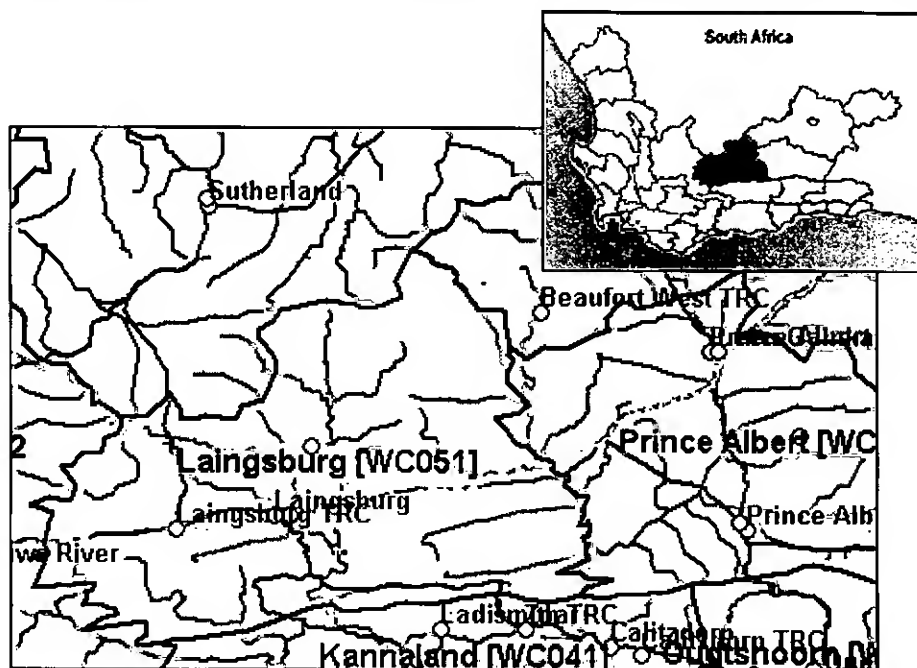


Figure 1.: Laingsburg Area map

### LAINGSBURG

This friendly, modern Karoo village, only 280 km from Cape Town, was almost entirely destroyed by a huge flood only a century after it started. The town lies in a geologically fascinating area, steeped in history and tradition. It's a worthwhile and hospitable stop on the busy N1 highway through the Great Karoo.

The warm welcome that awaits tourists in Laingsburg dates back to the mid-1700's. In those years' farmers along the banks of the Buffels River offered hospitality to adventurers' brave enough to cross the mountains and venture out onto the arid plains of the Great Karoo. In exchange for news of Cape Town and the civilised world, as well as

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

gossip garnered from other farms along the way, these isolated farmers of the interior offered accommodation, sustenance and fodder.

Many early officials and explorers, such as Barrow, Lichtenstein, De Mist and Swellengrebel, wrote of the people they met in what was later to become the district of Laingsburg. They described the Karoo as "awesome, hot, dry, and dusty. An inhospitable land peppered with friendly outspans veritable jewels in the desert."

At tiny homesteads dotted about on the vast plains travellers found fresh, drinking water, safe outspans, "a true welcome, homely hospitality and a nourishing meal." Many wrote that "such comforts were offered by God-fearing but brusque men, their shy women and hoards of children."

### MATJIESFONTEIN

In 1884, young immigrant Scot, James Logan, purchased lands at "a place called Matjesfontein", an insignificant railway halt in the depths of the Karoo. The Cape Government Railways had, by then, reached the Kimberley diamond fields, and - following Cecil Rhodes' vision of the "road to the North", his dream of a Cape to Cairo line - was extending into the Zambezi hinterland. Logan, whose meteoric rise was based on an energetic and meticulous efficiency, had been awarded the government catering contract at Touws River, which lies within the vast spaces of the Karoo.

In those days, dining cars were unheard of, and - aware that travelers needed sustenance on those interminable journeys to the interior - Logan saw the potential of this remote Matjesfontein halt. He had already found the Karoo air beneficial for his weak chest; and, entranced by the lunar majesty of the landscape, resigned his post and set about creating a village, seemingly in the depths of nowhere, which would make his fortune and become for many what John Buchan (remember "Prester John" and "The 39 Steps"?) would have recognised as a "Temenos" - a special place of the spirit.

Logan purchased the farm Matjesfontein and, with his thoroughly commercial instincts, three others which possessed plentiful water. He created what an enthusiast describes as an "Oasis"; planted trees (inevitably including the ubiquitous pepper) and a garden; built his own still-surviving residence, Tweedside Lodge; and established the famous Hotel Milner which was conveniently completed in 1899, and shortly thereafter served as the Headquarters of the Cape Western Command.

By early 1899, Matjesfontein had become a fashionable watering place, attracting those who could afford to seek relief for chest complaints in the clear, bright air, entertaining distinguished visitors, some of whom were more parasite than patron. Lord Randolph Churchill is still remembered for "borrowing" a hunting dog which he never returned.

Olive Schreiner lived in her own cottage here for five years and published the book "Story of an African Farm", which brought her instant fame and an income to last her a lifetime. Olive later became one of the first voices of feminism in South Africa. Today her small three-roomed cottage is a landmark in the village; Logan, a cricket fanatic, entertained most of the famous early teams visiting the Colony. Rudyard Kipling, on his first call at the Cape, made a special journey inland specifically to visit her. During the Boer War, Matjesfontein supported a base hospital, and Logan offered five of his villas as convalescent homes for soldiers.

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Virtually all the British Army commanders - Lord Roberts, Douglas Haig, after his post as Commander-in-Chief of the BEF in France, and Edmund Ironside (Chief of the Imperial General Staff, 1940) - stayed or were entertained in the Village. Edgar Wallace - ex-trooper, war correspondent, thriller writer - sent his superb "Unofficial Despatches" from there.

All celebrated in their time and, even now, some are still remembered.

### VLEILAND

There is a delightful short drive quite close to Laingsburg which offers some unbeatable mountain scenery. Follow the road past the railway bridge and drive to the small settlements of Vleiland and Rouxpos. Turn left and drive through the tiny, seemingly forgotten little village of Vleiland. It consists of little more than a post office and library which seem trapped in time. The road curves through this scenic historic spot and rejoins the main road. A little further along is a turn off to the right which takes the tourist through the awe-inspiring scenery of the Rouxpos settlement area of tiny historic thatched farms. Again the road curves along and meets the main road back to Laingsburg. This drive is truly a worthwhile experience.

If the tourist continues along the road from Vleiland he or she will reach the entrance to Seweweeks Poort. On the left the road goes down the Bosluiskloof Pass, which is in excellent condition and is a fine example of early roads in the Karoo. Breath-taking scenery causes one to climb out of the car to take it all in. Photographers will take shots of seemingly endless vistas of undulating valleys. Nature lovers will notice a variety of wildlife including antelope and baboons and birds such as Brown-hooded Kingfishers, which keep to dry areas of thorn bush and Rock Kestrels. This road ends at the Gamka Dam which is worth a visit.

If the traveller continues straight on with the gravel road into Seweweeks Poort he or she will be rewarded with 15 km of awe-inspiring mountain views. The level road winds on with high mountains towering over it, their slopes covered with indigenous trees and plants. Rock rabbits or dassies and other small game scurry over the road which crosses the Seweweeks Poort stream many times. In winter the mountain peaks may be covered with snow. Where the traveller meets the asphalt road at the tiny village of Amalienstein, he or she may turn right towards Ladismith and Montague or left to the Huis River Pass into Calitzdorp and on to Oudtshoorn.

### C) KEY ECONOMIC ACTIVITIES

The municipality is dependent upon the following economic activities according to the Western Cape Government Socio-economic Profile:

Key Economic Activities	Description
Services Sector (Community)	Community services, consisting mainly of government departments, made up 16.3% of Laingsburg economic sector.
Construction	Although the construction industry only makes up 4.7% of the economic activities of Laingsburg, this sector's growth more than doubled between the survey periods of 2009 and 2014 from 2% to 4.7%.
Commerce	Laingsburg produces fruit and vegetables of exceptional sun ripe quality especially downstream from the Floriskraal dam. The region is known for its seasonal production of apricots, dried yellow peaches, pears, plums, quinces and tomatoes and produces 300t

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Key Economic Activities	Description
	to 400t of apricots; 200t to 300t yellow peaches dried 200t; 100t pears, 50 t plums 20t quinces and 200t tomatoes.
Manufacturing and mining	Manufacturing is the 5 <sup>th</sup> largest contributing sector to Laingsburg's Gross Domestic Product (GDPR) of Region with 13.6% in 2014. As expected, the smallest contributing sector to the GDPR is Mining and quarrying (0%).
Finance	The finance sector consists mainly of private sector business and services and is the biggest contributors to the GDPR of Laingsburg. The sector makes up around 21.2% of the economic sector of Laingsburg.
Wholesale and Retail	This is the third largest sector in Laingsburg which contributes approximately 15.4% of the regional GDP. This sector includes the areas of catering and accommodation and also showed a positive growth. The N1 national road running through the town is the main contributor to this growth.
Agriculture	Agriculture is one of the main sectors providing employment opportunities in the Laingsburg region. Processing is seen as a major opportunity for employment creation as raw materials are currently being exported to neighbouring regions such as the Cape Winelands Districts in the Western Cape and Port Elizabeth in the Eastern Cape. Agriculture is also one of the leading economic contributors and makes up around 18.9% of the economic activities in the area. However, this sector is currently showing a decline due to the global recession, continuing drought, a shift from agriculture to game farming, and the underutilisation of agricultural land.
Transport	This sector accounts for 3.9% of the regional GDP. This is attributed to the road traffic traversing the N1 between Cape Town and Johannesburg. There is however concern that only a small portion of the population benefits from the business propelled by the traffic on the N1. This is directly related to all the current economic opportunities being concentrated on the N1. This is perceived to limit economic development in other sections of the town and thus promote skewed development.

Table 5.: Key economic activities

### 1.4 SERVICE DELIVERY OVERVIEW

#### 1.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Highlights
Construction of the Reservoir at Matjiesfontein
Full Package Plant installed at Matjiesfontein
New appointments have been made to site staff

Table 6.: Basic Services Delivery Highlights

#### 1.4.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water Provision	Increase of water losses	We will embark on an improved metering programme
Waste Water (Sanitation)	Accredited training for site staff	WSP to make provision for accredited training for staff
Electricity	Take over the provision of pre-paid electricity to the Gôldnerville community from ESKOM to the municipality	Acquire the necessary funding needed for the project
Waste Management	Accredited Training for site staff	WSP to made provision for accredited training for staff.

# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Table 7.: Basic Services Delivery Challenges

## 1.4.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

Description	2013/14	2014/15
	%	
Electricity service connections	100	100
Water - available within 200 m from dwelling	95	95
Sanitation - Households with at least VIP service	100	100
Waste collection - kerbside collection once a week	100	100

Table 8.: Households with minimum level of Basic Services

## 1.5 FINANCIAL HEALTH OVERVIEW

### 1.5.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIOS)

The following table indicates the municipality's performance in terms of the **National Key Performance Indicators** required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the **National Key Performance Area** namely **Municipal Financial Viability and Management**.

KPA & Indicator	2013/14	2014/15
Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	8.15	0
Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	26.88	29.89
Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	3.79	6.88

Table 9.: National KPI's for financial viability and management

### 1.5.2 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	27 875	29 125	39 196
Taxes, Levies and tariffs	20 149	19 299	17 971
Other	4 569	4 692	30 657
Sub Total	52 593	53 116	87 824
Less Expenditure	50 721	51 791	70 892
Net surplus/(deficit)	1 872	1 325	16 932

Table 10.: Financial Overview

### 1.5.3 TOTAL CAPITAL EXPENDITURE

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Detail	2013/14	2014/15
	R'000	
Original Budget	12 484	11 979
Adjustment Budget	15 305	45 271
Actual	13 513	20 233
% Spent	88	45

**Table 11.: Total Capital Expenditure**

### 1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

#### 1.6.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

Highlights
The review of the Organisational Structure
The completion of all job descriptions
Placements have been done and 21 new permanent appointments have been made. 2 Process controllers were also amongst the new appointments.

**Table 12.: Municipal Transformation and Organisational Development Highlights**

#### 1.6.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

Description	Actions to address
The induction of new employees is still a challenge	To workshop the Induction Policy with all heads of departments in order for them to assist properly when new appointments are made.

**Table 13.: Municipal Transformation and Organisational Development Challenges**

### 1.7 AUDITOR GENERAL REPORT

#### 1.7.1 AUDITED OUTCOMES

Year	2012/13	2013/14	2014/15
Opinion received	Unqualified	Unqualified	Unqualified

**Table 14.: Audit Outcomes**

### 1.8 2014/15 IDP/BUDGET PROCESS

The table below provides details of the key deadlines for the 2014/15 IDP/Budget process:

Activity	Responsible person	Date
IDP Time Schedule	G Harding	27 August 2014
Budget Process Plan	A Groenewald	27 August 2014
Approved Draft 2014/15 IDP	G Harding	27 March 2015
Approved Draft Budget 2014/15	A Groenewald	27 March 2015
Submission of IDP and Budget to MEC, PT and NT	G Harding and A Groenewald	27 March 2015



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Activity	Responsible person	Date
21 Days Public Comments on IDP and Budget	G Harding and A Groenewald	1-30 April 2015
IDP & BUDGET Roadshow	Mayor W Theron	20 - 22 April 2015
Approved Final 2014/15 IDP	G Harding / Mayor W Theron	28 May 2015
Approved Final Budget 2014/15	G Harding / Mayor W Theron	28 May 2015
Submission of Final IDP and Budget to MEC, PT and NT	G Harding / A Groenewald / Mayor W Theron	3 June 2015
SDBIP	G Harding and Mayor W Theron	12 June 2015

*Table 15.: 2014/15 IDP/Budget Process*

## CHAPTER 2: GOOD GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

### 2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2013/14	2014/15
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll over projects)	108%	60.3%

Table 16.: National KPIs - Good Governance and Public Participation Performance

### 2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
Down cascade Performance	Performance agreements to all staff reporting to the Municipal Manager
Management Meetings	Heads of Department meetings held on a monthly basis
Successful IDP & Budget Roadshow	Community partake in road show and comment on draft documents
Chamber of Commerce established	Chamber established and in operation
Functional Tourism bureau	Municipal funded and fully functional
Functional Ward Committee System	Monthly meetings, report back meetings held and part of planning and service delivery
Audit Committee re-established	Audit committee re-established and improved oversight
Communication Improved	SMS System in place and in operation

Table 17.: Good Governance and Public Participation Performance Highlights

## CHAPTER 2: GOOD GOVERNANCE

### 2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Description	Actions to address
Lack of Culture of Reading	SMS System & Door to Door Campaigns
Inability to extend Radio Gamka to Laingsburg	Developed a Funding model and lobby partnership to connect Laingsburg to CKDM Radio station
Community by-in in the review of by-laws	Public Participation Processes and engagements with key role players
Ward Base Sector Department feedback meeting	Ward Committee members engaging door to door level

*Table 18.: Good Governance and Public Participation Challenges*

### 2.4 GOVERNANCE STRUCTURE

#### 2.4.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

#### A) COUNCIL

The Council comprise of 7 elected Councillors as at 30 June 2015, made up from 4 Ward Councillors and 3 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorized the Councillors within their specific political parties and wards for the 2014/15 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Aldm. W du P Theron	Executive Mayor	DA	3	14
Cllr. B van As	Deputy Mayor/Chairperson: Technical Portfolio Committee	DA	2	13
Cllr. H Horn	Speaker/Chairperson: Community Services Portfolio Committee	COPE	Proportional	13
Cllr. M Gouws	Councillor	ANC	4	12
Cllr. M Bobbejee (Mrs.)	Councillor	ANC	1	14
Cllr P Botes	Councillor	DA	Proportional	12
Cllr. J Botha (Mrs.)	Councillor	ANC	Proportional	12

*Table 19.: Council*



## CHAPTER 2: GOOD GOVERNANCE

Below is a table which indicates the Council meetings attendance for the 2014/15 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
25 July 2014	7	0
29 August 2014	7	0
24 October 2014	6	1
21 November 2014	6	1
25 November 2014	7	0
23 January 2015	6	1
6 February 2015	7	0
27 February 2015	7	0
27 March 2015	7	0
15 April 2015	7	0
24 April 2015	7	0
21 May 2015	7	0
28 May 2015	7	0
25 June 2015	7	0

*Table 20.: Council meetings*

### B) EXECUTIVE MAYORAL COMMITTEE

Due to the size of the municipality and its Council, there is no Mayoral Committee as it would not be practical to have such a committee.

### C) PORTFOLIO COMMITTEES

Council made a decision during 2011/12 not to continue with portfolio committees as full council meetings take place on a monthly basis.

#### 2.4.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reporters, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		Yes/No
Mr. P.A. Williams	Municipal Manager	Yes
Ms A Groenewald	Manager Finance and Corporate Services	Yes
Mr J Venter	Manager Infrastructure Services	Yes
Mr N Hendrikse	Head: Community Services	Yes
Mr. P Post	Internal Auditor	Yes

## CHAPTER 2: GOOD GOVERNANCE

Name of Official	Department	Performance agreement signed
		Yes/No
Ms G Harding	IDP/LED Coordinator	Yes

Table 21.: Administrative Governance Structure

### COMPONENT B: INTERGOVERNMENTAL RELATIONS

#### 2.5 INTERGOVERNMENTAL RELATIONS

##### 2.5.1 INTERGOVERNMENTAL STRUCTURES

To adhere to the principles of the Constitution as mentioned above the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
District IDP Managers Forum	Ms G Harding & Mr A Abrahams	IDP
Provincial IDP Managers Forum	Ms G Harding & Mr A Abrahams	IDP
District Public Participation and Communication Forum	Mr A Abrahams & Ms G Harding	Public Participation & Communication
Provincial Public Participation and Communication Forum (PPPCOM)	Mr A Abrahams & Ms G Harding	Public Participation & Communication
District LED Forum	Ms G Harding & Mr A Abrahams	Local Economic Development
Provincial LED Forum (PLED)	Ms G Harding & Mr A Abrahams	Local Economic Development
District Coordinating Forum (DCF)	Mayor Theron, Mr PA Williams	District alignment, programmes and projects
Provincial Coordinating Forum / MINMAY	Mayor Theron, Mr PA Williams	Provincial alignment, programmes and projects
PCF Tech / MINMAY Tech	Mr PA Williams	Planning and Development, Provincial programmes and projects
DCF Tech	Mr PA Williams	Planning and Development, Provincial programmes and projects
District EPWP Forum	Mr J Venter, Mr A Marthinus, Ms G Harding	Progress Report, District Alignment, Implementation, assistance and guidance
Municipal Managers Forum	Mr PA Williams	Provincial Planning, Alignment, Assistance, Guidance and By-in
CFO Forum	Ms A Groenewald & Mr G Bothma	Provincial Planning, Alignment, Assistance, Guidance and By-in
IDP Indaba	Ms G Harding, Mr PA Williams, Ms A Groenewald, Mr J Venter, Mr N Hendrikse & Mr A Abrahams	IDP, Projects and Programmes
Joint Planning Initiative (JPI)	Ms G Harding, Mr PA Williams, Ms A Groenewald, Mr J Venter, Mr N Hendrikse & Mr A Abrahams	Joint Planning: IDP, Projects and Programmes

## CHAPTER 2: GOOD GOVERNANCE

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Municipal Governance Review and Outlook (MGRO)	Ms G Harding, Mr PA Williams, Ms A Groenewald, Mr J Venter, Mr N Hendrikse & Mr P Post	Identification of areas of improvement, assistance and programmes
PDO Forum	Mrs G Harding & Mr A Abrahams & Mr P Post	Pre-determines Objective Improvement and achievements
ICT Forum	Mr R Pedro	ICT Initiatives, assistance and programmes
SCM Forum	Mr KJ Gertse & Ms O Noble	SCM Practices, assistance and programmes
SDF Forum	Ms N Gouws, Ms P Buys & Mr KJ Gertse	SDF Assistance, guidance,
LGMTEC	Ms G Harding, Mr PA Williams, Ms A Groenewald, Mr J Venter, Mr N Hendrikse & Mr A Abrahams, Mr P Post, Ms L Matshanda	Assessment of draft IDP and Budget, Identification of areas of improvement, assistance and programmes

**Table 22.: Intergovernmental Structures**

### 2.5.2 JOINT PROJECTS AND FUNCTIONS WITH SECTOR DEPARTMENTS

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Agri Processing hub	Cold Storage Meat processing Leather Tannery Wool to Garment Seed Farming and Processing Multi-Skills Development	DoA (Leading) DEDAT DRDLR Laingsburg Municipality	Funding Technical Assistance and support
Community Learning Programme	Skills Development Training (accredited and Non-accredited)	Laingsburg Municipality (Leading) DoE DSD DoHE	Funding Technical Assistance and Support
Improved Public Participation	Empowered families to participate in society and government programmes Public Participation Communication	DLG(Leading) Laingsburg Municipality Government Information Systems	Funding Technical Assistance and Support
Additional Access to Goldnerville	Approval from SANRAL Access Road from N1 national Road to Goldnerville	DTPW (Leading) DEDAT Laingsburg Municipality	Assistance Motivation Technical Assistance and support Funding

## CHAPTER 2: GOOD GOVERNANCE

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Tarring of R315 and TR83/2	Elevate the need for the tarring of these economic roads Funding application for business case Tarred economic Roads	DTPW(Leading) DEDAT Laingsburg Municipality	Support and Approval Funding Tarring of Roads
Afterschool care support centers	MOD Centre at Matjiesfontein Primary Aftercare school centres / programmes Homework Hubs	DCAS DoE DSD Laingsburg Municipality	Funding Technical Assistance Aftercare centers and Homework hubs
Review and Implementation of Crime Prevention Strategy	Functional and equipped Neighbourhood watch Alignment of Strategy with NDP and PSP Substance Abuse forum in place	DOCs SAPS Laingsburg Municipality	Funding Technical Support Training Equipment Guidance

*Table 23.: Joint Projects and Functions with Sector Departments*

### COMPONENT G: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- \* the preparation, implementation and review of the IDP;
- \* establishment, implementation and review of the performance management system;
- \* monitoring and review of the performance, including the outcomes and impact of such performance; and
- \* preparation of the municipal budget.

#### 2.6.1 PUBLIC MEETINGS

Nature and purpose of meeting	Date of events	Number of Community members attending
Ward 1 IDP Budget Roadshow	20 April 2015	29
Ward 2 & 3 IDP Budget Roadshow	22 April 2015	30
Ward 4 IDP Budget Roadshow	21 April 2015	28

*Table 24.: Public Meetings*

#### 2.6.2 WARD COMMITTEES

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the

## CHAPTER 2: GOOD GOVERNANCE

municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

### A) WARD 1: BERGSIG (LAINGSBURG), MATJIESFONTEIN AND FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Maggie Bobbejee	Chairperson	14 July 2014 13 August 2014 8 September 2014 8 October 2014 11 November 2014 3 December 2014 3 February 2015 3 March 2015 7 April 2015 7 May 2015 10 June 2015
Lilly Witbooi	Labour	
Ben Herder	Sport	
Lea Wagenstroom	Churches	
Mietjie Daniëls	Women	
Jerome Wylbach	Tax Payers	
Mervyn Coakley	Business	
Maurice De Gouveia	Disabled	
Lynette Jacobs	Schools	
Beverly Vorster	CDW	
Andries le Roux	Agriculture	
Lydia Olifant	Youth	

Table 25.: Ward 1 Committee Meetings

### B) WARD 2: CENTRAL TOWN (LAINGSBURG) AND MOORDENAARS KAROO FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Bertie van As	Chairperson	22 July 2014 12 August 2014 4 September 2014 21 October 2014 4 November 2014 17 February 2015 3 March 2015 14 April 2015 5 May 2015 2 June 2015
Riaan Carolison	Schools	
Alzando Van As	Youth	
Chrisjan van der Vyver	Agriculture	
Marinda le Roux	Tax Payers	
Ds. Chris Cronje	Churches	
Eunice van der Westhuizen	Women	
Suzet Lackay	Disabled	
Niklaas Kietas	Business	
Cupido Scheepers	Labour	
Vacant	Sport	
Jerome Meyer	CDW	

Table 26.: Ward 2 Committee Meetings



## CHAPTER 2: GOOD GOVERNANCE

### C) WARD 3: BO DORP (LAINGSBURG)

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Wilhelm Theron	Chairperson	10 July 2014 7 August 2014 11 September 2014 2 October 2014 6 November 2014 4 December 2014 12 February 2015 5 March 2015 7 May 2015 4 June 2015
Jacques Bournborn Leftley	Sport	
Rokeya Meyer	Women	
Madre Walters	Youth	
Christell Bothma	Labour	
Magdalena du Plessis	Disabled/ Elderly	
Marlene Van Wyk	Churches	
Gina Miles	Schools	
Pierre De Villiers	Business	
Francis Van Wyk	Culture	
Coleen Jantjies	CDW	

Table 27.: Ward 3 Committee Meetings

### D) WARD 4: GOLDNERVILLE (LAINGSBURG), VLEILAND FARMS AND FONTEINTJIES FARMS

Name of representative	Capacity representing	Dates of meetings held during the year
Cllr. Micke Gouws	Chair person	15 July 2014 21 August 2014 16 October 2014 18 November 2014 2 December 2014 22 January 2015 24 February 2015 9 March 2015 25 May 2015 11 June 2015
Irene Brown	Women	
Susanna Maritz	Churches	
Wilhelmiena Minnies	Disabled	
E Pieterse	Labour	
Alice Kleinbool	Agriculture	
Vacant	Youth	
Christiaan van der Westhuizen	Sport	
Samuel Laban	Schools	
L Strydom	Ratepayers	
Francina Hermanus	CDW	
Vacant	Business	

Table 28.: Ward 4 Committee Meetings

#### 2.6.3 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

- \* to get better participation from the community to inform council decisions;
- \* to make sure that there is more effective communication between the Council and the community; and

## CHAPTER 2: GOOD GOVERNANCE

- to assist the ward Councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward Councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward Councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively (Yes / No)	Actions to address
1	Yes	11	Yes	To address service delivery, community needs and feedback on meetings held.
2	Yes	9	Yes	To address service delivery, community needs and feedback on meetings held.
3	Yes	10	Yes	To address service delivery, community needs and feedback on meetings held.
4	Yes	11	Yes	To address service delivery, community needs and feedback on meetings held.

*Table 29.: Functioning of Ward Committees*

### 2.6.4 REPRESENTATIVE FORUMS

#### A) LABOUR FORUM

The table below specifies the members of the Labour Forum for the 2014/15 financial year:

Name of representative	Capacity	Meeting dates
W Theron	Councillor(Chairperson)	23 September 2014 26 November 2014
H Horn	Councillor	
PA Williams	Municipal Manager	
P Buys	IMATU Representative	
A Marthinus	IMATU Representative	
K Gertse	SAMWU Representative	

*Table 30.: Labour Forum*

#### B) IDP FORUM

The table below specifies the members of the IDP Forum for the 2014/15 financial year:

Name of representative	Capacity	Meeting dates
C Robinson	Ministry of Faith	23 September 2014

## CHAPTER 2: GOOD GOVERNANCE

Name of representative	Capacity	Meeting dates
C Benadie	DSD	26 November 2014
F Van Wyk	Tourism	
M Bobbejee	Ward Councillor	
B Van As	Ward Councillor	
M Gouws	Ward Councillor	
G Harding	IDP	
N Gouws	Municipality	
C Marais	SAPS	
B Van Wyk	EMS	
C Laban	LADAAG	
F Hermanus	CDW	
G January	COS	
S Van Wyk	Churches	
S Stadler	DSD	
S Schippers	Thusong Service Centre	
A. le Roux	Agricultural Association	
C Hammat	Home Affairs	
B Brown	DEA	
R Dien	DEADP	
R Van der Westhuizen	Education	
G Thys	Karoo Lelies Elderly	

Table 31.: IDP Forum

### COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

#### 2.7 RISK MANAGEMENT

In terms of section 62 (1)(c)(i) *"the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;"*...

## CHAPTER 2: GOOD GOVERNANCE

The table below include the top five risks of the municipality:

Risk	Department	Division
1. Bribery and corruption resulting in financial losses	Municipal Manager	N/A
2. Small Revenue base <ul style="list-style-type: none"> <li>Revenue base proportionally decreasing in relation to population growth</li> <li>Financial sustainability for now and in the future</li> <li>Lack of funding to maintain grant-funded infrastructure developments</li> <li>Over dependency on grant funding</li> </ul>	Finance and Corporate Services	Revenue
3. Unauthorized issuing of licenses	Finance and Corporate Services	Traffic and Law Enforcement Services
4. Theft of Cash Received	Finance and Corporate Services	Revenue
5. Insufficient segregation of duties due to limited resources (Traffic, IT data and operations)	Municipal Manager	

**Table 32.: Top five risks**

### 2.8 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

#### 2.8.1 DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted
Anti-corruption strategy	Yes	2007
Fraud prevention strategy	Yes	2011

**Table 33.: Anti-Corruption & Fraud Prevention Strategies**

### 2.9 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –
  - internal financial control;
  - risk management;

## CHAPTER 2: GOOD GOVERNANCE

- \* performance Management; and
- \* effective Governance.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

### 2.9.1 FUNCTIONS OF THE AUDIT COMMITTEE

- \* To advise the Council on all matters related to compliance and effective governance.
- \* To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- \* Respond to the council on any issues raised by the Auditor-General in the audit report.
- \* To review the quarterly reports submitted to it by the internal audit.
- \* To evaluate audit reports pertaining to financial, administrative and technical systems.
- \* The compilation of reports to Council, at least twice during a financial year.
- \* To review the performance management system and make recommendations in this regard to Council.
- \* To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- \* To review the annual report of the municipality.
- \* Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- \* Provide support to the Internal Audit function.
- \* Ensure that no restrictions or limitations are placed on the Internal Audit section.
- \* Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

### 2.9.2 MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Mr. R Walters	Chairperson	8 August 2014
Ms. H Thomas	Committee member	28 August 2014
Mr. A Smith	Committee member	20 March 2015

Table 34.: Members of the Audit Committee



## CHAPTER 2: GOOD GOVERNANCE

### 2.10 PERFORMANCE AUDIT COMMITTEE

The Regulations require that the performance audit committee is comprised of a minimum of three members, the majority of whom are external (neither a councillor nor an employee) of the municipality. Section 14(2) (b) of the Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the performance audit committee who is neither a councillor nor an employee of the municipality as the chairperson of the committee.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the municipality.

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Further, Section 14(2) (f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the performance audit committee, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

Section 14(3) (a) of the Regulations requires that the performance audit committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the performance audit committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

---

#### A) FUNCTIONS OF THE PERFORMANCE AUDIT COMMITTEE

In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to

- i) review the quarterly reports produced and submitted by the internal audit process;
- ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and

## CHAPTER 2: GOOD GOVERNANCE

- iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

### B) MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Mr. R Walters	Chairperson	8 August 2014
Ms. H Thomas	Committee member	28 August 2014
Mr. A Smith	Committee member	20 March 2015

Table 35.: Members of the Performance Audit Committee

### 2.11 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - (i) internal audit;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;
  - (iv) (iv) risk and risk management;
  - (v) performance management;
  - (vi) loss control; and
  - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform other duties as may be assigned to it by the accounting officer.

The municipality has an in-house Internal Audit function consisting of 1 auditor.

### 2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies. No by-laws were developed and/or reviewed during the year under review

### 2.13 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels



## CHAPTER 2: GOOD GOVERNANCE

of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of *Batho Pele* and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

Communication activities	Yes/No
Communication unit	No
Communication strategy	Yes
Communication Policy	No
Customer satisfaction surveys	No
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	Yes

**Table 36.: Communication Activities**

### 2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act ("MSA") as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)</b>	



## CHAPTER 2: GOOD GOVERNANCE

Description of information and/or document	Yes/No and/or Date Published
Draft Budget 2014/15	Yes
Adjusted Budget 2014/15	Yes
SDBIP 2014/15	Yes
Budget and Treasury Office Structure	Yes
Budget and Treasury Office delegations	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)</b>	
Reviewed IDP for 2014/15	Yes
IDP Process Plan for 2014/15	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp; 75(1)(e)&amp;(f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)</b>	
SCM contracts above R30 000	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the Municipal Finance Management Act)</b>	
Annual Report of 2013/14	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
<b>Local Economic Development (Section 26(c) of the Municipal Systems Act)</b>	
Local Economic Development Strategy	Yes

*Table 37.: Website Checklist*

### 2.15 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the Laingsburg Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

#### 2.15.1 COMPETITIVE BIDS IN EXCESS OF R200 000

##### A) BID COMMITTEE MEETINGS

The following table details the number of bid committee meetings held for the 2014/15 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
2	2	2

*Table 38.: Bid Committee Meetings*

The attendance figures of members of the bid specification committee are as follows:

Member	Percentage attendance (%)
J Venter	100
S Pieterse	100
G Pekeur	100
K Gertse	100

## CHAPTER 2: GOOD GOVERNANCE

Member	Percentage attendance (%)
N Hendrikse	100
A Groenewald	100

*Table 39.: Attendance of members of bid specification committee*

The attendance figures of members of the bid evaluation committee are as follows:

Member	Percentage attendance
A van der Merwe	0
N Hendrikse	100
J Venter	100
S Pieterse	100

*Table 40.: Attendance of members of bid evaluation committee*

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
A Groenewald	100
N Gouws	100
G Pekeur	100
G Bothma	100
K Gertse	100

*Table 41.: Attendance of members of bid adjudication committee*

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

### B) AWARDS MADE BY THE BID ADJUDICATION COMMITTEE

The highest bid awarded by the bid adjudication committee is the following:

Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded (R)
50/2015	06/07/2015	Supply and Delivery of 1x New 4x4 Single Cab Bakkie	Williams Hunt Pretoria	333 218

*Table 42.: Ten highest bids awarded by bid adjudication committee*

### C) AWARDS MADE BY THE ACCOUNTING OFFICER

There were no bids awarded by the Accounting Officer during the 2014/2015 financial year.

### D) APPEALS LODGED BY AGGRIEVED BIDDERS

No appeals were lodged during the 2014/2015 financial year.

## 2.15.2 DEVIATION FROM NORMAL PROCUREMENT PROCESSES

## CHAPTER 2: GOOD GOVERNANCE

Reason for Deviation	Number of Deviations	Value of deviations	Percentage of total deviations value
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	1	4,080.00	0.15
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	1	235,638.00	8.55
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	7	2,516,378.03	91.3
<b>Total</b>	<b>9</b>	<b>2 756 096.03</b>	<b>100</b>

**Table 43.: . Details of Deviations for Procurement Services**

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2014/15 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2014/15 compared to actual performance in 2013/14.

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether the strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE**

### **3.1.1 LEGISLATIVE REQUIREMENTS**

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

### **3.1.2 ORGANISATION PERFORMANCE**

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the IDP Strategic objectives, performance on the National Key Performance Indicators prescribed in terms of Regulation 796. Details regarding specific basic service delivery targets, achievements and challenges will be included in the Annual Report of the municipality.

### **3.1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2014/15**

---

#### **A) ADOPTION OF A PERFORMANCE MANAGEMENT FRAMEWORK**

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

## **CHAPTER 3: SERVICE DELIVERY PERFORMANCE**

### **B) THE IDP AND THE BUDGET**

The reviewed IDP and the budget for 2014/15 was approved by Council on 28 May 2014. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

---

### **C) THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN**

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

- The MFMA Circular No.13 prescribes that:
- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months
- The SDBIP should form the basis for measuring the performance against goals set during the budget / IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Executive Mayor.

The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on 27 May 2015 (Council resolution 6.2.4). The following were considered in the development of the amended Top Layer SDBIP:

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2013/14 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the Adjustments Budget
- Oversight Committee Report on the Annual Report of 2013/14
- The risks identified by the Internal Auditor during the municipal risk analysis

### **1) THE MUNICIPAL SCORECARD (TOP LAYER SDBIP)**

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- One-year detailed plan, but should include a three-year capital plan

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- The 5 necessary components include:
  - Monthly projections of revenue to be collected for each source
    - Expected revenue to be collected not billed
  - Monthly projections of expenditure (operating and capital) and revenue for each vote
    - Section 71 format (Monthly budget statements)
  - Quarterly projections of service delivery targets and performance indicators for each vote
    - Non-financial measurable performance objectives in the form of targets and indicators
    - Output not input / internal management objectives
    - Level and standard of service being provided to the community
  - Ward information for expenditure and service delivery
  - Detailed capital project plan broken down by ward over three years

Top Layer KPI's were aligned with the IDP that was prepared based on the following:

- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's that need to be reported to key municipal stakeholders.
- KPI's to address the required national reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the Portfolio of Evidence for reporting and auditing purposes.

---

### D) ACTUAL PERFORMANCE

The performance is monitored and evaluated via the SDBIP system. The web based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets every month for the previous month's performance.

## 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2014/15

### 3.2.1 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements).

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

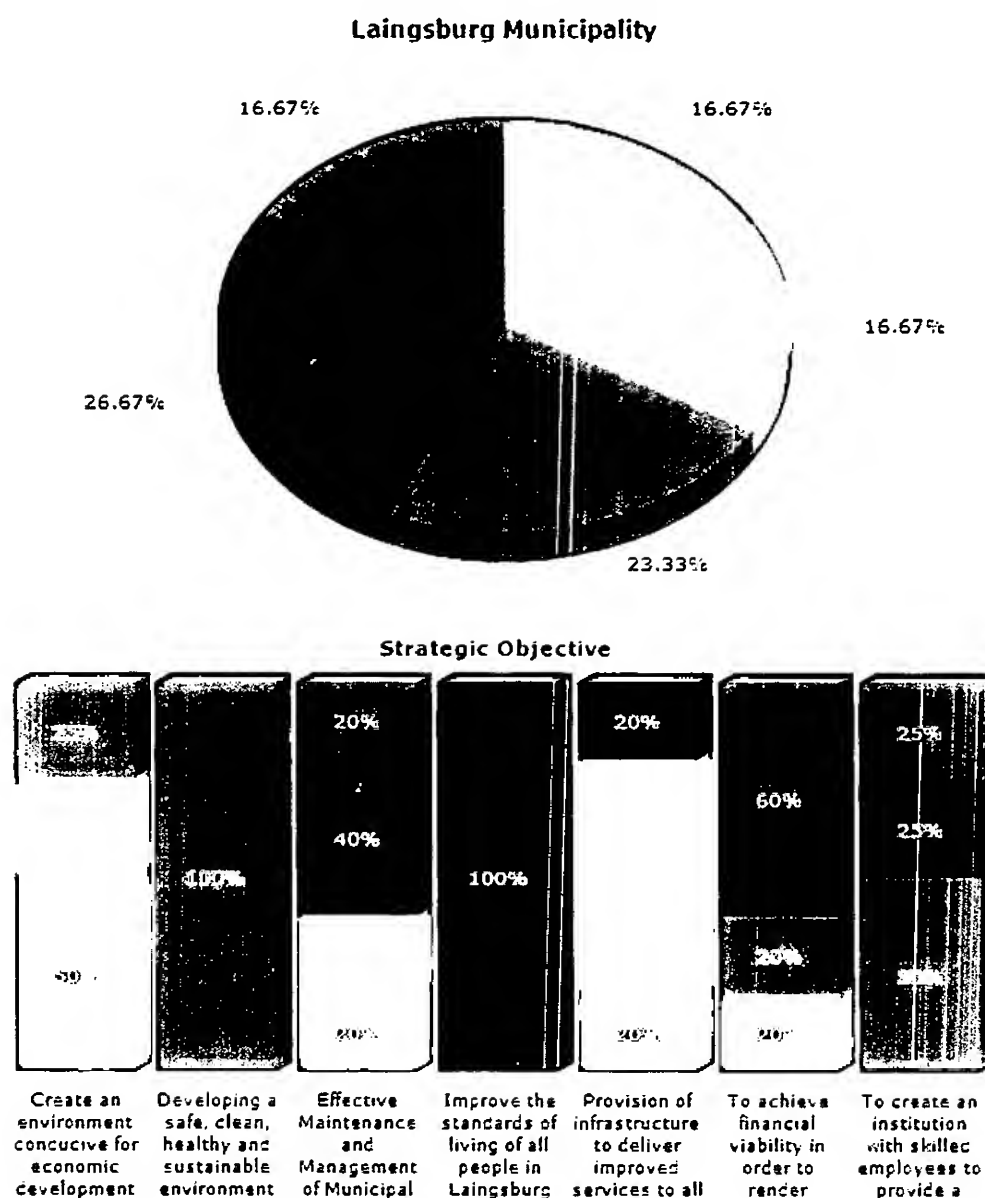
## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% > = Actual/Target < 75%
KPI Almost Met		75% > = Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 2.: SDBIP Measurement Categories

The graph below displays the overall performance per Strategic Objective for 2014/15:





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

		Strategic Objective						
Laingsburg Municipality		Create an environment conducive for economic development	Developing a safe, clean, healthy and sustainable environment for communities	Effective Maintenance and Management of Municipal Assets and Natural Resources	Improve the standards of living of all people in Laingsburg	Provision of infrastructure to deliver improved services to all residents and business	To achieve financial viability in order to render affordable services to residents	To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values
■ KPI Not Met	2,114,77%	2,322%	-	1,722%	-	1,722%	1,722%	-
■ KPI Almost Met	2,114,77%	1,722%	-	1,722%	-	1,722%	-	-
■ KPI Met	2,322%	1,722%	1,722%	-	-	-	1,722%	2,322%
■ KPI Well Met	2,322%	-	-	2,322%	2,322%	1,722%	-	1,722%
■ KPI Extremely Well Met	2,114,77%	-	-	1,722%	-	-	1,722%	1,722%
Total:		4	3	5	4	5	5	4

Graph 3.: Overall performance per Strategic objective

### A) TOP LAYER SDBIP - CREATE AN ENVIRONMENT CONDUCIVE FOR ECONOMIC DEVELOPMENT

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL1	Assist business with business and CIBD registration	Number of SMME's assisted	All	New KPI for 2014/15. No comparative available	0	0	0	20	20	6	R
Corrective actions		Vigorous awareness programmes to be conducted in next year to motivate businesses to take up the opportunity.									
TL3	Host events as identified in the IDP in support of promotion of LED within the Municipal area	Number of events hosted	All	New KPI for 2014/15. No comparative available	0	2	0	1	3	3	G
TL4	Provide financial assistance via bursary schemes to accepted tertiary student candidates	Number of candidates assisted via bursary schemes	All	New KPI for 2014/15. No comparative available	0	0	19	0	19	16	O
Corrective actions		The Municipality will in the future make people more aware of the documents needed to be attached in order to qualify.									
TL16	Create job opportunities through EPWP and Infrastructure projects	Number of job opportunities created	All	1 627	0	0	0	1 000	1 000	429	R
Corrective actions		Target will be reviewed and corrected									

Table 44.: Top Layer SDBIP - Create an environment conducive for economic development

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### B) TOP LAYER SDBIP - DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL2	Implement IDP-approved greening and cleaning initiatives	Number of Initiatives implemented	All	New KPI for 2014/15. No comparative available	0	0	0	3	3	3	G
TL9	Host community awareness days as per the programme approved in the IDP	Number of community awareness days hosted	All	New KPI for 2014/15. No comparative available	0	0	0	10	10	10	G
TL10	Participate in the provincial traffic departs public safety initiatives as approved in the IDP	Number of provincial traffic department public safety initiatives participated in	All	New KPI for 2014/15. No comparative available	0	0	0	4	4	4	G

**Table 45.: Top Layer SDBIP – Developing a safe, clean, healthy and sustainable environment for communities**

### C) TOP LAYER SDBIP – EFFECTIVE MAINTENANCE OF MUNICIPAL ASSETS AND NATURAL RESOURCES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL11	70% of the approved maintenance budget spent [(Actual amount spent on maintenance of assets/ Total amount budgeted for asset maintenance) x 100]	(Actual amount spent on maintenance of assets/ Total amount budgeted for asset maintenance) x100	All	New KPI for 2014/15. No comparative s available	0%	0%	0%	70%	70%	60.3%	G
<b>Corrective Actions</b>		This is the preliminary year to date figure.									
TL12	Limit the % electricity unaccounted for to less than 20% [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of	(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of	All	New KPI for 2014/15. No comparative s available	0%	0%	0%	20%	20%	9.75%	B

### CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100]	Electricity Units Purchased) × 100									
TL13	Maintain the quality of waste water discharge as per SANS 241-2006	% water quality level of waste water discharge as per SANS 241-2006	All	New KPI for 2014/15. No comparative s available	0%	0%	0%	91%	91%	95%	
TL14	Limit the % water unaccounted for to less than 50% [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) × 100]	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) × 100	All	New KPI for 2014/15. No comparative available	0%	0%	0%	50%	50%	59.24%	
Corrective Actions		All meters will be checked, repaired and new meters will be installed where no metering is in place to ensure that less water is unaccounted for in future.									
TL15	Maintain the water quality as per SANS 241-1:2011 criteria	% water quality level as per SANS 241-1:2011	All	New KPI for 2014/15. No comparative available	0%	0%	0%	87%	87%	95%	

Table 46.: Top Layer SDBIP – Effective maintenance of municipal assets and natural resources

#### D) TOP LAYER SDBIP – IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL27	Provide 6kl free basic water per indigent household per month in terms of the equitable	Number of HH receiving free basic water	All	463	0	0	0	440	440	530	

### CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	share requirements										
TL28	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	458	0	0	0	440	440	516	G 2
TL29	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements (excluding ESKOM area)	Number of HH receiving free basic electricity	All	216.75	0	0	0	210	210	284	G 2
TL30	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	462.75	0	0	0	440	440	530	G 2

Table 47.: Top Layer SDBIP -Improve the standards of living of all people in Laingsburg

#### E) TOP LAYER SDBIP - PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL19	70% of approved capital budget spent [(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100]	(Actual amount spent on capital projects /Total approved budget for capital projects) X100	All	84%	0	0	0	70	70	45.04%	R

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15
					Q1	Q2	Q3	Q4	Annual	Actual
Corrective actions		The target was not met due to the housing project that was not completed. The roll over budget 2015/16 will ensure completion.								
TL20	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage	All	1 206	0	0	0	1 206	1 206	1 151
Corrective actions		Target will be revised according to the actual in future.								
TL21	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	Number of residential properties which are billed for water or have pre-paid meters	All	1 206	0	0	0	1 206	1 206	1 215
TL22	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	766	0	0	0	766	766	668
Corrective actions		Target to be adjusted in future to reflect actual on reporting date.								
TL23	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	1 206	0	0	0	1 206	1 206	1 197

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15
					Q1	Q2	Q3	Q4	Annual	Actual
Corrective actions		Target to be adjusted in future to reflect actual on reporting date.								

**Table 48.:** *Top Layer SDBIP - Provision of infrastructure to deliver improved services to all residents and business*

### F) TOP LAYER SDBIP - TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL17	Achieve a debtor's payment percentage of 60% ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	All	94.43%	0%	0%	0%	60%	60%	96.98%	B
TL18	Achieve an unqualified audit opinion	Unqualified audit opinion received	All	267.10%	0	1	0	0	1	1	G
TL24	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as per the 2013/2014 financial years audited figures ((Total operating revenue-operating grants received)/debt service payments due within the year)	((Total operating revenue-operating grants received)/debt service payments due within the year)	All	3.37	0	0	0	1.1	1.1	2 742.14	B
TL25	Financial viability	(Total outstanding	All	267.10%	0%	0%	0%	28%	28%	24.92%	B

### CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	service debtors/ revenue received for services) X100									
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure as per the 2013/2014 financial years audited figures ((Available cash+ investments) / Monthly fixed operating expenditure)	((Available cash+ investments)/ Monthly fixed operating expenditure)	All	3.36	0	0	0	4.5	4.5	2.12	R
Corrective actions		Effective credit control to be implemented.									

Table 49.: Top Layer SDBIP - To achieve financial viability in order to render affordable services to residents

#### G) TOP LAYER SDBIP - TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
TL5	Limit vacancy rate to less than 10% of budgeted posts [(Number of funded posts vacant / total number of funded posts) x100]	(Number of funded posts vacant / total number of funded posts) x100	All	10%	0%	0%	0%	10%	10%	1.43%	B
TL6	1% of the operating budget spent on training as per the approved skills development	(Actual total training expenditure/total operational budget) x100	All	1%	0%	0%	0%	1%	1%	1.17%	G 2

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2013/14	Target					Overall performance for 2014/15	
					Q1	Q2	Q3	Q4	Annual	Actual	R
	plan [ (Actual total training expenditure/total operational budget) x100]										
TL7	Develop a Risk Based Audit Plan and submit to the audit committee for consideration	RBAP submitted to the audit committee by June	All	1	0	0	0	1	1	1	G
TL8	Employ people from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	0	0	0	0	8	8	8	G

**Table 50.: Top Layer SDBIP – To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values**

### 3.2.2 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- a Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance
- measures taken to improve performance



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

### 3.2.3 MUNICIPAL FUNCTIONS

#### A) ANALYSIS OF FUNCTIONS

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Municipal Function	Municipal Function Yes / No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

*Table 51.: Functional Areas*

### 3.3.1.1 COMPONENT 3.1: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

#### 3.3.1 WATER SERVICES

##### A) INTRODUCTION TO WATER SERVICES

Laingsburg main water supply comes from the municipal farm Southkloof Fountain with additional water sources of Southkloof pit, Southkloof borehole and 2 boreholes at Buffels River and a borehole in town.

The municipality needs to ensure that the groundwater sources are managed in a sustainable manner.

##### B) HIGHLIGHTS: WATER SERVICES

Highlights
Construction of the Reservoir at Matjiesfontein

*Table 52.: Water Services Highlights*

##### C) CHALLENGES: WATER SERVICES

Description	Actions to address
Increase of water losses	We will embark on an improved metering programme

*Table 53.: Water Services Challenges*

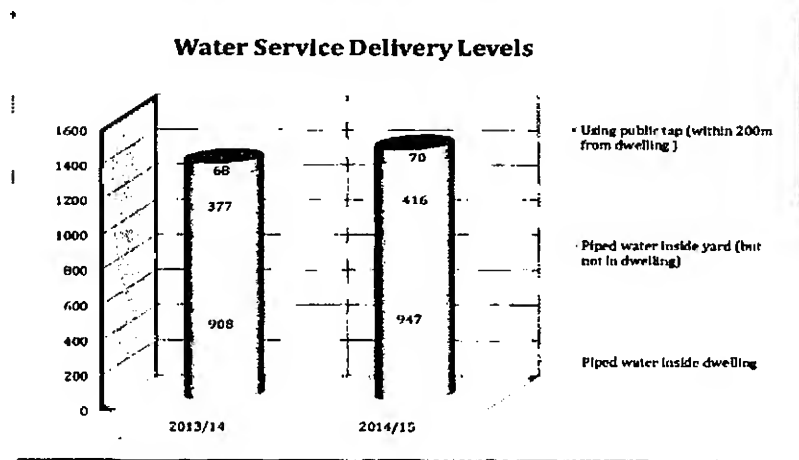
## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### D) WATER SERVICE DELIVERY LEVELS

The table below specifies the different water service delivery levels per household for the financial years 2013/14 and 2014/15 in the areas in which the municipality is responsible for the delivery of the service:

Water Service Delivery Levels		
Households		
Description	2013/14	2014/15
	Actual	Actual
	No.	No.
<b><u>Water: (above min level)</u></b>		
Piped water inside dwelling	908	947
Piped water inside yard (but not in dwelling)	377	416
Using public tap (within 200m from dwelling)	0	0
Other water supply (within 200m)	0	0
<b>Minimum Service Level and Above sub-total</b>	<b>1 285</b>	<b>1 363</b>
<b>Minimum Service Level and Above Percentage</b>	<b>95</b>	<b>95</b>
<b><u>Water: (below min level)</u></b>		
Using public tap (more than 200m from dwelling)	68	70
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b>Below Minimum Service Level sub-total</b>	<b>68</b>	<b>70</b>
<b>Below Minimum Service Level Percentage</b>	<b>5</b>	<b>5</b>
<b>Total number of households</b>	<b>1 353</b>	<b>1 433</b>
<i>Include informal settlements</i>		

Table 54.: Water service delivery levels: Households



Graph 4.: Water Service Delivery levels

### E) EMPLOYEES: WATER SERVICES

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Employees: Water Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	2	0	0
4 - 6	2	2	2	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>

*Table 55.: Employees: Water Services*

### F) CAPITAL EXPENDITURE: WATER SERVICES

Capital Expenditure 2014/15: Water Services					
R'000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>896</b>	<b>896</b>	<b>834</b>	<b>(62)</b>	<b>896</b>

*Total project value represents the estimated cost of the project on approval by Council*

*Table 56.: Capital Expenditure 2014/15: Water Services*

### 3.3.2 WASTE WATER (SANITATION) PROVISION

#### A) INTRODUCTION TO WASTE WATER (SANITATION) PROVISION

A waterborne sewage reticulation system serves the whole of Laingsburg and each erf is connected individually to the reticulation. A waterborne sewage reticulation system and a waste water package plant were installed in Matjiesfontein and is operation since the Department of Environmental Affairs approved the waste management license in August 2013. All the newly built houses and erven in Matjiesfontein were connected to the sewer line.

#### B) HIGHLIGHTS: WASTE WATER (SANITATION) PROVISION

Highlights
Full Package Plant installed at Matjiesfontein

*Table 57.: Waste Water (Sanitation) Provision Highlights*

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### C) CHALLENGES: WASTE WATER (SANITATION) PROVISION

Description	Actions to address
Accredited training for site staff	WSP to make provision for accredited training for staff

*Table 58.: Waste Water (Sanitation) Provision Challenges*

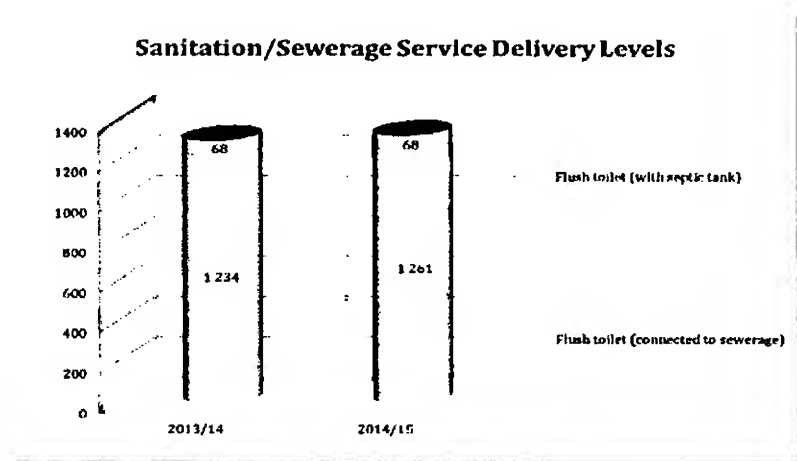
### D) WASTE WATER (SANITATION) PROVISION SERVICE DELIVERY LEVELS

The table below specifies the different sanitation service delivery levels per households for the financial years 2013/14 and 2014/15 in the areas in which the municipality is responsible for the delivery of the service:

Sanitation Service Delivery Levels		
Households		
Description	2013/14	2014/15
	Actual	Actual
	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>		
Flush toilet (connected to sewerage)	1 234	1 261
Flush toilet (with septic tank)	68	68
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above min. service level)	0	0
<b>Minimum Service Level and Above sub-total</b>	<b>1 302</b>	<b>1 341</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b><u>Sanitation/sewerage: (below minimum level)</u></b>		
Bucket toilet	0	0
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0</b>	<b>0</b>
<b>Total households</b>	<b>1 302</b>	<b>1 341</b>
<i>Including informal settlements</i>		

*Table 59.: Waste Water (Sanitation) Provision service delivery levels*

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 5.: Sanitation/Sewerage Service Delivery Levels

### E) EMPLOYEES: WASTE WATER (SANITATION) PROVISION

Employees: Sanitation Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	2	0	0
4 - 6	0	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

Table 60.: Employees Waste Water (Sanitation) Provision

### F) CAPITAL EXPENDITURE: WASTE WATER (SANITATION) PROVISION

Capital Expenditure 2014/15: Sanitation Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>480</b>	<b>480</b>	<b>480</b>	<b>0</b>	<b>480</b>

*Total project value represents the estimated cost of the project on approval by Council*

Table 61.: Capital Expenditure 2014/15: Waste Water (Sanitation) Provision

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.3.3 ELECTRICITY SERVICES

#### A) INTRODUCTION TO ELECTRICITY SERVICES

Laingsburg Municipality buys electricity from ESKOM and sells the electricity to the residential and business customers in Laingsburg. Households from Göldnerville in Laingsburg and Matjiesfontein buy electricity direct from ESKOM. Laingsburg Municipality makes use of an electrical contractor to do all the maintenance and upgrading work on the electrical network.

#### B) CHALLENGES: ELECTRICITY SERVICES

Description	Actions to address
Take over the provision of pre-paid electricity to the Göldnerville community from ESKOM to the municipality	Acquire the necessary funding needed for the project

Table 62.: Electricity Challenges

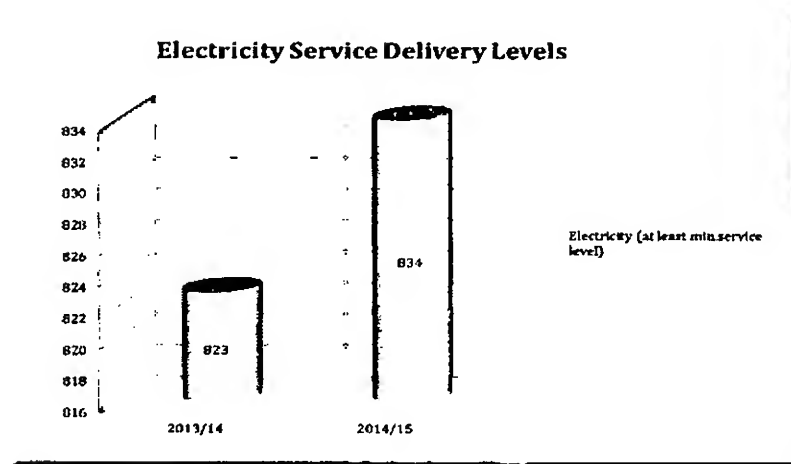
#### C) ELECTRICITY SERVICE DELIVERY LEVELS

The table below indicates the different service delivery level standards for electricity in the areas in which the municipality is responsible for the delivery of the service:

Electricity Service Delivery Levels		
Households		
Description	2013/14	2014/15
	Actual	Actual
	No.	No.
<b>Energy: (above minimum level)</b>		
Electricity (at least min.service level)	823	834
Electricity - prepaid (min.service level)	0	0
<b>Minimum Service Level and Above sub-total</b>	<b>823</b>	<b>834</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100%</b>	<b>100%</b>
<b>Energy: (below minimum level)</b>		
Electricity (< min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0%</b>	<b>0%</b>
<b>Total number of households</b>	<b>823</b>	<b>834</b>

Table 63.: Electricity service delivery levels

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 6.: Electricity service delivery levels

### D) EMPLOYEES: ELECTRICITY SERVICES

The electricity service is provided by an outside contractor.

### E) CAPITAL EXPENDITURE: ELECTRICITY SERVICES

Capital Expenditure 2014/15: Electricity Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5 034	5 034	3 000	(2 034)	3 000
Total project value represents the estimated cost of the project on approval by Council					

Table 64.: Capital Expenditure 2014/15: Electricity Services

### 3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### A) INTRODUCTION TO WASTE MANAGEMENT

Laingsburg Municipality makes use of a labour intensive methods to do the refuse collection, waste disposal and street cleaning in Laingsburg and Matjiesfontein.

#### B) HIGHLIGHTS: WASTE MANAGEMENT

Description
New appointments have been made to site staff

Table 65.: Waste Management Highlights

#### C) CHALLENGES: WASTE MANAGEMENT



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	Actions to address
Accredited Training for site staff	WSP to make provision for accredited training for staff.

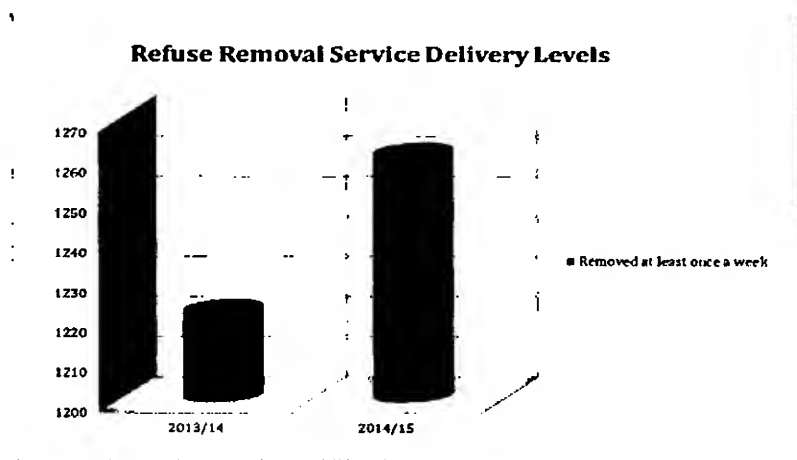
Table 66.: Waste Management Challenges

### D) WASTE MANAGEMENT SERVICE DELIVERY LEVELS

The table below specifies the different refuse removal service delivery levels per household for the financial years 2013/14 and 2014/15 in the areas in which the municipality is responsible for the delivery of the service:

Solid Waste Service Delivery Levels		
Description	Households	
	2013/14	2014/15
	Actual	Actual
	No.	No.
<b><u>Solid Waste Removal: (Minimum level)</u></b>		
Removed at least once a week	1 222	1 261
<b>Minimum Service Level and Above sub-total</b>	<b>1 222</b>	<b>1 261</b>
<b>Minimum Service Level and Above percentage</b>	<b>100%</b>	<b>100%</b>
<b><u>Solid Waste Removal: (Below minimum level)</u></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level percentage</b>	<b>0%</b>	<b>0%</b>
<b>Total number of households</b>	<b>1 222</b>	<b>1 261</b>

Table 67.: Solid Waste Service Delivery Levels



Graph 7.: Refuse Removal Service Delivery Levels

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### E) EMPLOYEES: WASTE MANAGEMENT

Employees: Solid Waste Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	5	5	0	0
4 - 6	1	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>

Table 68.: Employees: Solid Waste Services

### F) CAPITAL EXPENDITURE: WASTE MANAGEMENT

There was no capital expenditure for Solid Waste Services for the year 2014/15.

### 3.3.5 HOUSING

#### A) INTRODUCTION TO HOUSING

Due to the high poverty level in Laingsburg Municipal area it is essential to provide the poor members in our community with a RDP house and as such contribute to sustainable human settlement where families can live in a safe and hygienic environment.

#### B) HIGHLIGHTS: HOUSING

Highlights	Description
171 units to be built in the new financial year	The Municipality submitted the list of beneficiaries to the Department of Human Settlements and 121 beneficiaries are already approved. We are still awaiting the rest of the approvals, whereby the building of the houses will start immediately after that process is finalised. Bulk Infrastructure Services has already been done.

Table 69.: Housing Highlights

#### C) CHALLENGES: HOUSING

Description	Actions to address
The finalisation of the approval of subsidies is taking longer than expected due to the fact that some beneficiaries do not qualify for some reasons.	Two additional lists have been submitted to speed up the process.

Table 70.: Housing Challenges

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 626 housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2013/14	747	25.8
2014/15	626	(21.3)

Table 71.: Housing waiting list

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2013/14	4 048	2 324	57.4%	39	0
2014/15	28 797	4 844	16.82%	0	0

Table 72.: Houses built in 2014/15

### 3.3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### A) INTRODUCTION

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R2 500 per month will receive the free basic services as prescribed by national policy.

The table below indicates that 43.62% of the total number of households received free basic services in 2013/14 if compared to 20.7% in 2013/14.

The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access s	%	No. Access	%	No. Access	%
2013/14	2 447	506	20.7%	506	20.7 %	506	20.7%	506	20.7%
2014/15	1 215	284	23.37 %	530	43.62 %	516	42.47%	530	43.62%
Figures as at 30 June 2015									

Figures as at 30 June 2015

Table 73.: Free basic services to indigent households

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000
2013/14	506*	50kwh	358	0	0kwh	0	0	0kwh	0
2014/15	284	50	273	384	0	0	547	50	251
<i>*Figures as at 30 June 2015</i>									

**Table 74.: Free basic Electricity services to indigent households**

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value R'000	No. of HH	Unit per HH (kl)	Value R'000
2013/14	506*	6kl	448	774	6kl	146
2014/15	530	6kl	635	685	6kl	141
<i>*Figures as at 30 June 2015</i>						

**Table 75.: Free basic Water services to indigent households**

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'000	No. of HH	Unit per HH per month	Value R'000
2013/14	506*	86.40	525	0	0	0
2014/15	516	93.30	578	635	0	0
<i>*Figures as at 30 June 2015</i>						

**Table 76.: Free basic Sanitation services to indigent households**

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value R'000	No. of HH	Unit per HH per month	Value R'000
2013/14	506*	1	393	0	0	0
2014/15	530	1	445	667	0	0
<i>*Figures as at 30 June 2015</i>						

**Table 77.: Free basic Refuse Removal services to indigent households per type of service**

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.4 COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

#### 3.4.1 ROADS

##### A) INTRODUCTION TO ROADS

For optimal performance it is essential that roads are maintained to provide the road user with an acceptable level of service, to protect the structural layers of pavement from the abrasive forces of traffic as well as from the effects of the environment.

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2013/14	0.9	0	0	0.9
2014/15	1.94	0	0.26	1.94

Table 78.: Gravel road infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2013/14	25	0	0	0	25
2014/15	26.7	1.7	0	0	25

Table 79.: Tarred road infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2013/14	0	0	1 133
2014/15	336	0	1 486

\* The cost for maintenance include stormwater

Table 80.: Cost of construction/maintenance of roads

##### B) EMPLOYEES: ROADS

Employees: Roads					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	8	8	0	0

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Employees: Roads					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	5	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>

*Table 81.: Employees: Roads*

### C) CAPITAL EXPENDITURE: ROADS

There was no capital expenditure for Roads for the year 2014/15.

### 3.4.2 WASTE WATER (STORMWATER DRAINAGE)

#### A) INTRODUCTION TO WASTE WATER (STORMWATER DRAINAGE)

It is common practice to provide a formal drainage system of pipes or channels to convey stormwater away from erven and streets and to discharge this water into natural watercourses. The stormwater system must be cleaned and maintained on a regular basis to ensure a proper working drainage system.

#### B) WASTE WATER (STORMWATER DRAINAGE) MAINTAINED AND UPGRADED

The table below shows the total kilometres of stormwater maintained and upgraded as well as the kilometres of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres				
Year	Total Stormwater measures (km)	New stormwater measures (km)	Stormwater measures upgraded (km)	Stormwater measures maintained (km)
2013/14	4.382	0	0	4.382
2014/15	8.032	1.7	1.95	4.382

*Table 82.: Stormwater infrastructure*

The table below indicates the amount of money spent on stormwater projects:

Financial year	Stormwater Measures		
	New R'000	Upgraded R'000	Maintained R'000
2013/14	271	0	9

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Financial year	Stormwater Measures		
	New R'000	Upgraded R'000	Maintained R'000
2014/15	4 553	715	11

Table 83.: Cost of construction/maintenance of stormwater systems

### C) CAPITAL EXPENDITURE: WASTE WATER (STORMWATER DRAINAGE)

There was no capital expenditure for Waste Water (Stormwater Drainage) for the year 2014/15.

## 3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

### 3.5.1 PLANNING

#### A) SERVICE DELIVERY STATISTICS: PLANNING

Type of service	2013/14	2014/15
Building plans application processed	15	10
Total surface (m <sup>2</sup> )	1 249	832
Residential extensions	12	10
Business extensions	3	0
Rural applications	1	0
Land use applications processed	6	6

Table 84.: Service Delivery statistics: Planning

### 3.5.2 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### B) HIGHLIGHTS: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Functional Small Business Association	Assisted small businesses within the municipal area
Market days	Monthly market days are held to grow the local economy
Empower Small Businesses	Small businesses are used in the municipal area to increase their CIBB grading
Karoo Parliament	Economic Growth opportunities are created as different provinces attend these conferences
Mayor Golf day	An annual event which is held to raise funds for the Municipal Bursary Fund.
Karoo Ultra Marathon	An annual event that enables economic growth in the municipal area

Table 85.: LED Highlights

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### C) CHALLENGES: LED

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address challenges
The lack of feasibility studies	The Economic Development Agency and the Department of Agriculture will assist the municipality with future feasibility studies
High levels of crime	Crime Prevention Initiatives to be implemented
Small Revenue Base	Job creation through various programmes.
Failure to attract Investors to the Area	Launch a strong marketing campaign to attract Investors to invest within the municipal area
Low Skills Levels	Skills Development Programmes to be conducted within the municipal area

*Table 86.: Challenges LED*

### D) LED STRATEGY

Local Economic Development (LED) includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues. LED strategy identifies various issues and strategic areas for intervention such as:



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Objectives	Strategies
<p><b>Diversifying the economy</b></p> <p>To develop the agricultural sector in such a way that:</p> <ul style="list-style-type: none"> <li>Current agricultural practices are maintained and further enhanced as this forms the backbone of the local economy.</li> <li>Value adding practices in the form of agri-processing are initiated and become sustainable.</li> <li>Agri-processing industries involve the large number of economically active unemployed females in the sub-region.</li> <li>Synergies are created between the service industry and the agricultural sector, whereby tourists are attracted to local products and utilise other services.</li> </ul>	<ul style="list-style-type: none"> <li>Sustain existing agricultural practices</li> <li>Promoting agri-processing industries</li> <li>Provide for Urban Agriculture and Small Scale Farming</li> <li>Identify and support agri-tourism practices</li> <li>Alternative Energies</li> <li>Agri Tourism</li> </ul>
<p><b>Transport and service sector</b></p> <p>To develop a sustainable transport and related services sector in the municipality in a way that:</p> <ul style="list-style-type: none"> <li>Supports and is aligned with the five strategic issues identified in the Central Karoo District's Integrated Transport Plan.</li> <li>Distinguishes between the two types of travellers that are passing through the Central Karoo and Cape Town towards Johannesburg: private vehicle owners and truck drivers.</li> <li>Promotes the image of Laingsburg as an ideal stop-over for travellers seeking good services.</li> <li>Focuses on projects within the municipality that can spread the benefits equitably.</li> <li>Creates links with the agriculture sector.</li> </ul>	<ul style="list-style-type: none"> <li>Align with regional transport plan</li> <li>Cater for the needs of long distance private travellers</li> <li>Capture the trucks market</li> <li>Facilitate creative alliances with the local agriculture and tourism sector</li> <li>Becoming the best Karoo Town</li> <li>Tarring of gravel Roads</li> <li>WIFI Free Town</li> <li>Public Transportation</li> </ul>
<p><b>Human resources development</b></p> <ul style="list-style-type: none"> <li>To ensure that all children have access to high quality early childhood development programmes.</li> <li>To ensure that all learners and job seekers have equal access to quality education and training.</li> <li>To ensure that learners have safe access to learning facilities.</li> <li>To empower residents of Laingsburg to acquire skills that will enable them to access and acquire favourable city jobs.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure access to early childhood and school development programmes</li> <li>Worker Skills Development and Training Programmes</li> <li>Further Education and Training (FET) College</li> <li>School for Children with Learning Disabilities</li> </ul>
<p><b>Integrated human settlement</b></p> <p>To establish a pattern of development that:</p> <ul style="list-style-type: none"> <li>Improves land use integration to enhance the access of poorer communities to economic and social services.</li> <li>Creates and ensures that housing becomes assets to the poor.</li> </ul>	<ul style="list-style-type: none"> <li>Improve connectivity between townships and more established parts of the town</li> <li>Enhance the asset value of low-income housing</li> <li>Gap Housing</li> <li>Spatial Planning and Land Use Management Act (SPLUMA)/ Land Use Planning Act (LUPA)</li> </ul>

*Table 87.: LED Objectives and Strategies*

### E) LED INITIATIVES

Within a limited budget for LED projects and one official to assist with LED implementation the following programmes have been initiated in the municipal area:

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Job creation through Extended Public Works Programme (EPWP) projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2013/14	4	1 627
2014/15	4	429

Table 88.: Job creation through EPWP projects

### F) ADDITIONAL SERVICE DELIVERY STATISTICS: LED INITIATIVES

Type of service	2013/14	2014/15
Small businesses assisted	4	6
SMME's trained	10	5
Community members trained for tourism / PACA	20	20
Local artisans and crafters assisted	30	30
Recycling awareness programmes	1	1

Table 89.: LED Initiatives

## 3.6 COMMUNITY DEVELOPMENT AND SOCIAL SERVICES

### 3.6.1 LIBRARIES

#### A) HIGHLIGHTS: LIBRARIES

Highlights	Description
Mandela Day 2014	We hosted a Tea Party for our elderly library members. All in attendance read poems. We invited guests from different departments to give talks to the elderly.
Snowball Project	We presented the project for the children who visit the library regularly. The children made their own snowballs.
Library Week 2014	Library week took place during 14 March 2015 until 21 March 2015. We visited the schools in Laingsburg and hosted different competitions for the pupils. We also invited children for dvd sessions and face painting sessions.
Computers for Goldnerville and Matjiesfontein Mini Library	Goldnerville and Matjiesfontein received computers with internet access from the Rural libraries connectivity project.

Table 90.: Libraries Highlights

#### B) CHALLENGES: LIBRARIES

Description	Actions to address
Limited space in library	We will apply for funding and budget accordingly to create more space within the Library

Table 91.: Libraries Challenges

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### C) SERVICE STATISTICS FOR LIBRARIES

Type of service	2013/14	2014/15
Library members	1 884	1 556
Books circulated	36 710	32 951
Exhibitions held	27	29
Internet users	122	453
Children programmes	15	31
Book group meetings for adults	0	0

*Table 92.: Service statistics for Libraries*

### D) EMPLOYEES LIBRARIES

Employees: Libraries					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

*Employees and Posts numbers are as at 30 June*

*Table 93.: Employees: Libraries*

### E) CAPITAL EXPENDITURE: LIBRARIES

There was no capital expenditure for Libraries for the year 2014/15.

### 3.6.2 CEMETERIES

#### A) SERVICE STATISTICS FOR CEMETERIES

Type of service	2013/14	2014/15
Pauper burials	4	0

*Table 94.: Service stats for Cemeteries*

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.6.3 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

#### A) HIGHLIGHTS: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Highlights	Description
Held Child Protection Week	Awareness on child abuse with programmes held
Held two Youth Day Events	2 Youth Day events were held in Laingsburg. They were held on the 16 <sup>th</sup> of June 2015 at the Thusong Centre and on 27 June 2015 in front of the Municipal Offices.
Held Cancer Awareness Programmes	Various Cancer Awareness Programmes were held during the year
Held awareness programmes in conjunction with the Laingsburg Anti-Drug, Alcohol Action Group (LADAAG)	Laingsburg Anti-Drug, Alcohol Action Group (LADAAG) held various awareness programmes such as Rehabilitation Referral
Held various Sports Programmes	Various Sports Programmes were held during the year (Athletics, Marathons, Soccer Tournaments, Rugby and Street Soccer)
Awareness programmes for disabled persons	Development in aid of the disabled
Women's Day Event	Function held with young women within Laingsburg facing everyday challenges (Beauty treatments)

Table 95.: Child care; Aged care; Social programmes Highlights

#### B) CHALLENGES: CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Description	Actions to address
High rate of Teenage Pregnancies	Roll out Awareness Programmes on Teenage Pregnancies
High level of Drug & Alcohol Abuse	Raise Community awareness on the high levels of drug and alcohol abuse. Create recreational facilities and after care programmes to curb the drug and alcohol abuse.
Increased Early School Leaving	Raise awareness and hold Parent and Scholar Workshops as well as motivational sessions
High Crime Rates	Establish Neighbourhood Watches

Table 96.: Child care; Aged care; Social programmes Challenges

#### C) SERVICE STATISTICS FOR CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Description	2013/14	2014/15
Trees planted	50	200
Veggie gardens established or supported	2	2
Soup kitchens established or supported	0	0
Initiatives to increase awareness on child abuse	1	1
Youngsters educated and empowered	360	394
Initiatives to increase awareness on disability	2	2

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	2013/14	2014/15
Initiatives to increase awareness on women	1	1
Women empowered	299	328
Initiatives to increase awareness on HIV/AIDS	1	1
Initiatives to increase awareness on Early Childhood Development	1	1
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	5	5
Special events hosted (World's Aids Day, Arbour day, World Disability Day, Youth Day, 16 Days of activism against women abuse)	10	10

Table 97.: Service statistics for Child care; Aged care; Social programmes

### 3.7.1. COMPONENT E: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management.

#### 3.7.1. PUBLIC SAFETY

##### A) INTRODUCTION TO PUBLIC SAFETY

**Law Enforcement:** Attends to all complaints from the public related to Laingsburg Municipalities by laws for example exceeding prescribed amount of dogs, noise control, etc.

**Traffic:** Enforces all offences regarding the Road Traffic Act 93/1996 for example disobeying stop signs, parking on the wrong side of the road, driving a motor vehicle without driving license etc. Identifies Hotspots/dangerous areas in town. Manages parking bay outlays within the town.

**Fire and disaster management:** Attends to fire call outs within the jurisdiction of Laingsburg municipality as well as on the N1 for example house fires, veld fires and motor vehicle accident fires etc.

##### B) HIGHLIGHTS: PUBLIC SAFETY

Highlights	Description
Friendly Roadblock	Road Safety initiative for motorists. Before the beginning of the festive season we held a friendly roadblock wishing the motorists a safe and wonderful journey.

Table 98.: Public Safety Services Highlights

##### C) CHALLENGES: PUBLIC SAFETY

Description	Actions to address
Illegal Taverns and Shebeens	Implement Illegal By Law Policy
Dangerous and Dark areas in town	We will need to budget and apply for funding to put flood lights in those areas

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	Actions to address
Housebreaking and theft in town	We will need to budget and apply for funding to deploy more neighbourhood watch personnel and to train neighbourhood watch personnel as law enforcers.
Limited Training: Fire Fighter 1 and 2	We will need to budget and apply for funding for training of the Fire Fighters
Limited resources and budget	We will need to budget and apply for funding

*Table 99.: Public Safety Services Challenges*

### D) SERVICE STATISTICS FOR PUBLIC SAFETY

Details	2013/14	2014/15
Motor vehicle licenses processed	1 880	1 794
Learner driver licenses processed	352	367
Driver licenses processed	495	548
Driver licenses issued	479	676
Fines issued for traffic offenses (number)	891	847
R-value of fines collected	338 300	1 073 000
Operational call-outs	43	55
Roadblocks held	8	4
Complaints attended to by Traffic Officers	32	46
Special Functions – Escorts	3	3
Awareness initiatives on public safety	8	4
Operational call-outs: Fire Services	17	21
Awareness initiatives on fire safety	4	4
Reservists and volunteers trained on fire fighting	0	0

*Table 100.: Service Statistics for Public Safety*

### E) EMPLOYEES: PUBLIC SAFETY

Employees: Law Enforcement and Traffic Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	0	0	0	0
4 – 6	2	0	0	0	0
7 – 9	1	3	2	1	33.33
10 – 12	0	1	1	0	0
13 – 15	1	1	1	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	5	5	4	1	20

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Employees: Law Enforcement and Traffic Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Employees and Posts numbers are as at 30 June					

Table 101.: Employees: Public Safety

### 3.3 COMPONENT F: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

#### 3.9.1 INTRODUCTION TO SPORT AND RECREATION

##### A) SERVICE STATISTICS FOR SPORT AND RECREATION

Type of service	2013/14	2014/15
<b>Community Parks</b>		
Number of parks with play park equipment	1	3
Number of wards with community parks	1	3
<b>Sport fields</b>		
Number of wards with sport fields	3	3
Number of sport associations utilizing sport fields	2	3
R-value collected from utilization of sport fields	0	0
<b>Sport halls</b>		
Number of wards with sport halls	4	4
Number of sport associations utilizing sport halls	2	2
R-value collected from rental of sport halls (R)	32 475.12	24 810.26

Table 102.: Additional performance information for Sport and Recreation

##### B) EMPLOYEES: SPORT AND RECREATION

Employees: Sport and Recreation					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0
4 - 6	1	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Employees: Sport and Recreation					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>
<i>Employees and Posts numbers are as at 30 June</i>					

**Table 103.: Employees: Sport and Recreation**

### C) CAPITAL EXPENDITURE: SPORT AND RECREATION

There was no capital expenditure for Sport and Recreation for the year 2014/15.

### D) FINANCIAL SERVICES, CORPORATIVE SUPPORT SERVICES AND OTHER SERVICES

This component includes financial services; human resource services; ICT services and procurement services.

#### 3.10.1 FINANCIAL SERVICES

##### A) EMPLOYEES: FINANCIAL SERVICES

Employees: Financial Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	5	5	0	0
7 - 9	3	3	3	0	0
10 - 12	0	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	2	2	2	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0</b>

**Table 104.: Employees: Financial services**



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.10.2 HUMAN RESOURCES

#### A) HIGHLIGHTS: HUMAN RESOURCES

Highlights	Description
37 new appointments were done	1 new appointment in the HR section was made. 2 of the 37 appointments were new Finance Interns

Table 105.: Human Resources Highlights

#### B) CHALLENGES: HUMAN RESOURCES

Description	Actions to address
There is still room for the appointment of more staff in the HR Department. The HR Department consists of the Corporate Services as a whole and therefore more staff is needed	To advertise more positions in the near future

Table 106.: Human Resources Challenges

#### C) EMPLOYEES: HUMAN RESOURCES

Employees: Human Resources					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0
4 - 6	2	3	3	0	0
7 - 9	0	0	0	0	0
10 - 12	3	2	2	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	7	7	7	0	0

Table 107.: Employees: Human Resource services

### 3.10.3 PROCUREMENT SERVICES

#### A) CHALLENGES: PROCUREMENT SERVICES

Description	Actions to address
Accredited Suppliers Database	Convergence to the Western Cape Suppliers Database
Procurement of goods between R2 000 – R 30 000	Procuring of goods in bulk or through year tenders
Increase of Deviations	Procurement planning through capital expenditure procurement plan
Increase of Irregular Expenditure	Implementation of an Electronic Supply Chain Management solution with internal controls and processes



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	Actions to address
Contract Management	Review of all contracts and remedial where necessary through re-advertisement of tenders

**Table 108.: Procurement Services Challenges**

### B) SERVICE STATISTICS FOR PROCUREMENT SERVICES

Description	Total No	Monthly Average
Orders processed	1 541	128.42
Extensions	2	0.17
Bids received (number of documents)	5	0.42
Bids awarded	1	0.08
Bids awarded ≤ R200 000	0	0
Appeals registered	0	0
Successful Appeals	0	0

**Table 109.: Service Statistics for Procurement Division**

### C) DETAILS OF DEVIATIONS FOR PROCUREMENT SERVICES

Reason For Deviation	Number of Applications Considered and Approved	Value of Applications Approved (R)
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	1	4 080
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	1	235 638
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	0	0
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	13	2 516 378
<b>Total</b>	<b>15</b>	<b>2 756 096</b>

**Table 110.: Details of Deviations for Procurement services**

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.11 COMPONENT 1: SERVICE DELIVERY PRIORITIES FOR 2015/16

The main development and service delivery priorities for 2015/16 form part of the Municipality's top layer SDBIP for 2014/15 and are indicated in the table below:

#### 3.11.1 CREATE AN ENVIRONMENT CONDUCTIVE FOR ECONOMIC DEVELOPMENT

REF	KPI	Unit of Measurement	Wards	Annual Target
TL10	Create job opportunities through EPWP and Infrastructure projects by 30 June 2016	Number of job opportunities created by 30 June 2016	All	114
TL18	Assist SMME's with business and CIDB registration by 30 June 2016	Number of SMME's assisted by 30 June 2016	All	20
TL20	Host events as identified in the IDP in support of promotion of LED within the Municipal area by 30 June 2016	Number of events hosted by 30 June 2016	All	3
TL21	Provide financial assistance via bursary schemes to accepted tertiary student candidates by 31 March 2016	Number of candidates assisted via bursary schemes by 30 June 2016	All	19

Table 111.: Service Delivery Priorities for 2015/16 – Create an environment conducive for economic development

#### 3.11.2 DEVELOPING A SAFE, CLEAN, HEALTHY AND SUSTAINABLE ENVIRONMENT FOR COMMUNITIES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL19	Implement IDP-approved greening and cleaning initiatives by 30 June 2016	Number of Initiatives implemented by 30 June 2016	All	5
TL24	Participate in the provincial traffic department public safety initiatives as approved in the IDP by 30 June 2016	Number of provincial traffic department public safety initiatives participated in by 30 June 2016	All	4
TL33	Upgrade and rehabilitate the cemetery in Goldnerville by 30 June 2016	Cemetery in Goldnerville upgraded and rehabilitated by 30 June 2016	4	1

Table 112.: Services Delivery Priorities for 2015/16 – Developing a safe, clean, healthy and sustainable environment for communities

#### 3.11.3 EFFECTIVE MAINTENANCE AND MANAGEMENT OF MUNICIPAL ASSETS AND NATURAL RESOURCES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL25	80% of the total approved repair and maintenance budget spent by 30 June 2016 [(Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) x 100]	% of the total approved repair and maintenance budget spent by 30 June 2016 [(Actual amount spent on repair and maintenance of assets/ Total amount budgeted for asset repair and maintenance) x 100]	All	80%

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

REF	KPI	Unit of Measurement	Wards	Annual Target
TL26	Limit the % electricity unaccounted for to less than 15% by 30 June 2016 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100]	% electricity unaccounted for by 30 June 2016 (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	15%
TL27	91% waste water discharge quality obtained as per SANS 242 parameters by 30 June 2016	% water quality of waste water discharge obtained by 30 June 2016	All	91%
TL28	Limit the % water unaccounted for to less than 50% by 30 June 2016 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) × 100]	% water unaccounted for by 30 June 2016 (Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) × 100	All	50%
TL29	87% water quality level obtained as per SANS 241 physical and micro parameters	% water quality level obtained	All	87%
TL34	Rehabilitate the sport field in Laingsburg by 30 June 2016	Sport field in Laingsburg rehabilitated by 30 June 2016	2	1
TL35	Rehabilitate the sport field in Matjiesfontein by 30 June 2016	Sport field in Matjiesfontein rehabilitated by 30 June 2016	1	1

**Table 113.: Services Delivery Priorities for 2015/16 – Effective maintenance and management of municipal assets and natural resources**

### 3.11.4 IMPROVE THE STANDARDS OF LIVING OF ALL PEOPLE IN LAINGSBURG

REF	KPI	Unit of Measurement	Wards	Annual Target
TL5	Provide 6kl free basic water per indigent household per month in terms of the equitable share requirements	Number of HH receiving free basic water	All	542
TL6	Provide 50kwh free basic electricity per indigent household per month in terms of the equitable share requirements (excluding ESKOM area)	Number of HH receiving free basic electricity	All	210
TL7	Provide free basic sanitation to indigent households in terms of the equitable share requirements	Number of HH receiving free basic sanitation	All	542
TL8	Provide free basic refuse removal to indigent households in terms of the equitable share requirements	Number of HH receiving free basic refuse removal	All	542
TL30	Construct 121 housing top structures in Goldnerville by 30 June 2016	Number of top structures constructed in Goldnerville by 30 June 2016	4	121
TL32	90% approved budget spent by 30 June 2016 for capital projects in Goldnerville linked to new housing project {(Actual expenditure divided by the total approved budget) × 100}	% of approved budget spent by 30 June 2016 {(Actual expenditure divided by the total approved budget) × 100}	4	90%

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

*Table 114.: Services Delivery Priorities for 2015/16 – Improve the standards of living of all people in Laingsburg*

### 3.11.5 PROVISION OF INFRASTRUCTURE TO DELIVER IMPROVED SERVICES TO ALL RESIDENTS AND BUSINESS

REF	KPI	Unit of Measurement	Wards	Annual Target
TL1	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network as at 30 June 2016	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2016	All	1,206
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) as at 30 June 2016	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2016 as at 30 June 2016	All	766
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2016	Number of residential properties which are billed for sewerage as at 30 June 2016	All	1,206
TL4	Number of formal residential properties for which refuse is removed once per week as at 30 June 2016	Number of residential properties which are billed for refuse removal as at 30 June 2016	All	1,206
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2016 (Actual amount spent on capital projects /Total amount budgeted for capital projects)X100 by 30 June 2016	{Actual amount spent on capital projects /Total amount budgeted for capital projects}X100 by 30 June 2016	All	80
TL31	Upgrade the electricity network of Laingsburg to include the Bergsig area by 30 June 2016	Electricity network of Laingsburg upgraded by 30 June 2016	2	1

*Table 115.: Services Delivery Priorities for 2015/16 – Provision of infrastructure to deliver improved services to all residents and business*

### 3.11.6 TO ACHIEVE FINANCIAL VIABILITY IN ORDER TO RENDER AFFORDABLE SERVICES TO RESIDENTS

REF	KPI	Unit of Measurement	Wards	Annual Target
TL13	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2015 (Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Debt coverage ratio as at 30 June 2015	All	0.88

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

REF	KPI	Unit of Measurement	Wards	Annual Target
TL14	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2015 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	% outstanding service debtors at 30 June 2015	All	28%
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2015 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	Cost coverage ratio as at 30 June 2015	All	1
TL22	Achieve a payment percentage of 60% by 30 June 2016 {(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100}	Payment percentage by 30 June 2016 {(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100}	All	60%
TL23	Achieve an unqualified audit opinion for the 2014/15 financial year	Unqualified audit opinion received for the 2014/15 financial year	All	1

**Table 116.: Service Delivery Priorities for 2015/16 - To achieve financial viability in order to render affordable services to residents**

### 3.11.7 TO CREATE AN INSTITUTION WITH SKILLED EMPLOYEES TO PROVIDE A PROFESSIONAL SERVICE TO ITS CLIENTELE GUIDED BY MUNICIPAL VALUES

REF	KPI	Unit of Measurement	Wards	Annual Target
TL11	People employed from employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	6
TL12	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2016 {(Total Actual Training Expenditure/ Total personnel Budget)x100}	(Total expenditure on training/total personnel budget)/100	All	1%
TL16	Limit vacancy rate to less than 5% of budgeted posts by 30 June 2016 [(Number of funded posts vacant / total number of funded posts)x100]	% vacancy rate of budgeted posts by 30 June 2016 (Number of funded posts vacant / total number of funded posts)x100	All	5%

### CHAPTER 3: SERVICE DELIVERY PERFORMANCE

REF	KPI	Unit of Measurement	Wards	Annual Target
TL17	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2016	RBAP submitted to the audit committee by 30 June 2016	All	1

**Table 117.: Service Delivery Priorities for 2015/16 - To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values**

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2013/14	2014/15
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	8
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	1%	1%

**Table 118.: National KPIs- Municipal Transformation and Organisational Development**

### 2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Laingsburg Municipality currently employs 69 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

#### A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
0	2	0	63	0	0	0	4

**Table 119.: 2014/15 EE targets/Actual by racial classification**



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
0	44	0	0	25	0	0	2	0

Table 120.: 2014/15 EE targets/actual by gender classification

### B) SPECIFIC OCCUPATIONAL CATEGORIES - RACE

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	1	2
Senior management	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	2	0	1	0	2	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	11	0	0	1	14	0	1	27
Semi-skilled and discretionary decision making	0	11	0	0	0	0	0	0	11
Unskilled and defined decision making	0	16	0	0	0	6	0	0	22
<b>Total permanent</b>	<b>1</b>	<b>41</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>22</b>	<b>0</b>	<b>2</b>	<b>69</b>
Non- permanent employees	0	4	0	0	0	7	0	0	11
<b>Grand total</b>	<b>1</b>	<b>45</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>29</b>	<b>0</b>	<b>2</b>	<b>80</b>

Table 121.: Occupational Categories

### C) SPECIFIC OCCUPATIONAL LEVELS - RACE

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	1	2
Senior management	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	2	0	1	0	2	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	11	0	0	2	13	0	1	27
Semi-skilled and discretionary decision making	0	11	0	0	0	0	0	0	11

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Unskilled and defined decision making	0	16	0	0	0	6	0	0	22
<b>Total permanent</b>	<b>1</b>	<b>41</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>22</b>	<b>0</b>	<b>2</b>	<b>69</b>
Non- permanent employees	0	4	0	0	0	7	0	0	11
<b>Grand total</b>	<b>1</b>	<b>45</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>29</b>	<b>0</b>	<b>2</b>	<b>80</b>

Table 122.: Occupational Levels

### D) DEPARTMENTS - RACE

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	1	2	0	0	1	2	0	0	6
Corporate Services	0	1	0	0	0	6	0	0	7
Financial Services	0	4	0	1	0	5	0	2	12
Community Services	0	5	0	0	0	5	0	0	10
Engineering Services	0	0	0	0	0	0	0	0	0
Electro-Technical Services	0	29	0	1	1	3	0	0	34
<b>Total permanent</b>	<b>1</b>	<b>41</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>21</b>	<b>0</b>	<b>2</b>	<b>69</b>
Non- permanent	0	4	0	0	0	7	0	0	11
<b>Grand total</b>	<b>1</b>	<b>45</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>28</b>	<b>0</b>	<b>2</b>	<b>80</b>

Table 123.: Department - Race

### 4.2.2 VACANCY RATE

The approved organogram for the municipality had 70 posts for the 2014/15 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 1 post was vacant at the end of 2014/15, resulting in a vacancy rate of 1.43%.

Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	1	0
Middle management (T14-T19)	5	0
Admin Officers (T4-T13)	43	1
General Workers (T3)	20	0
<b>Total</b>	<b>69</b>	<b>1</b>
Per Functional Level		
Functional area	Filled	Vacant
Executive and Council	6	0

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Per Post Level		
Post level	Filled	Vacant
Finance and Administration	19	0
Public Safety	10	1
Technical Services	34	0
<b>Total</b>	<b>69</b>	<b>1</b>

Table 124.: Vacancy rate per post and functional level

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalents:

Salary Level	Number of current critical vacancies	Total posts as per organogram	Vacancy job title	Vacancies (as a proportion of total posts per category)
Municipal Manager	0	0	0	0
Chief Financial Officer	0	0	0	0
Other Section 57 Managers	0	0	0	0
Senior management (T14-T19)	0	0	0	0
Highly skilled supervision (T4-T13)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 125.: Vacancy rate per salary level

### 4.2.3 TURNOVER RATE

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2013/14	50	2	1	2%
2014/15	69	29	4	6%

Table 126.: Turnover Rate

### 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

#### 4.3.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The table below indicates the total number of injuries within the different directorates:

Directorates	2013/14	2014/15
Executive and Council	0	0
Finance and Administration	0	1
Public Safety	0	0
Technical Services	10	2
<b>Total</b>	<b>10</b>	<b>3</b>

Table 127.: Injuries

### 4.3.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2014/15 financial year shows an increase when comparing it with the 2013/14 financial year.

The table below indicates the total number sick leave days taken within the year:

Year	Total number of sick leave days taken within the year
2013/14	414
2014/15	443

Table 128.: Sick Leave

### 4.3.3 HR POLICIES AND PLANS

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still need to be developed:

Approved policies	
Name of policy	Date approved/ revised
Recruitment Policy	17 June 2010
Disability Policy	June 2010
Overtime Policy	October 2011
Leave Policy	August 2013
Unauthorised absenteeism from the Workplace	August 2013
Policies still to be developed	
Name of policy	
Placement Policy	
Human Resources Plan	
Human Resources Policy	
Employment Equity Policy	

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Approved policies
Occupational Health and Safety Policy

Table 129.: HR policies and plans

### CAPACITATING THE MUNICIPAL WORKFORCE

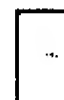
Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

#### 4.4.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2014/15)	Number of Employees that received training (2014/15)
MM and S57	Female	0	0
	Male	1	0
Legislators, senior officials and managers	Female	3	3
	Male	5	6
Associate professionals and Technicians	Female	0	0
	Male	1	1
Professionals	Female	3	3
	Male	4	4
Clerks	Female	11	11
	Male	4	5
Service and sales workers	Female	1	1
	Male	1	1
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	1	1
	Male	10	10
Elementary occupations	Female	6	1
	Male	16	2
Sub total	Female	25	20
	Male	42	29
Total		67	49

Table 130.: Skills Matrix



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.4.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period 2014/15						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
MM and SS7	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	0	0	1	1	1	1	100
	Male	1	1	1	1	1	1	100
Professionals	Female	0	0	3	3	3	3	100
	Male	2	2	4	4	6	6	100
Technicians and associate professionals	Female	0	0	0	0	0	0	0
	Male	0	0	1	1	1	1	100
Clerks	Female	6	6	4	4	10	10	100
	Male	2	2	3	3	5	5	100
Service and sales workers	Female	0	0	1	1	1	1	100
	Male	0	0	1	1	1	1	100
Craft and related trade workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	1	1	1	2	2	100
	Male	1	1	9	9	10	10	100
Elementary occupations	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Sub total	Female	7	7	10	10	17	17	100
	Male	6	6	19	19	25	25	100
Total		13	13	29	29	42	42	100

Table 131.: Skills Development

### 4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R 624 000 was allocated to the workplace skills plan and that 118.6% of the total amount was spent in the 2014/15 financial year:

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
2013/14	15 226 995	520 000	477 278	92%
2014/15	13 788 000	624 000	740 109	118.6%

*Table 132.: Budget allocated and spent for skills development*

### 4.4.4 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	1	1	0	0
Any other financial officials	5	0	0	0
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	2	0	0	0
Supply chain management senior managers	0	0	0	0
<b>TOTAL</b>				

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

*Table 133.: MFMA Competencies*

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.5.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2013/14	12 998	49 749	26.1%
2014/15	12 861	57 102	22.52%

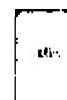
*Table 134.: Personnel Expenditure*



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
<b>Councillors (Political Office Bearers plus Other)</b>				
Salary	1 900	2 336	2 338	1 819
Pension Contributions	0	0	0	0
Medical Aid Contributions	0	0	0	1
Motor vehicle allowance	267	0	0	556
Cell phone allowance	0	180	180	0
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total	2 166	2 516	2 516	2 375
% increase/ (decrease)	-	16.16	0	(5.60)
<b>Senior Managers of the Municipality</b>				
Salary	2 407	2 156	2 156	2 099
Pension Contributions	123	148	148	137
Medical Aid Contributions	90	15	15	104
Motor vehicle allowance	232	232	232	243
Cell phone allowance	0	0	0	0
Housing allowance	0	0	0	0
Performance Bonus	0	0	0	0
Other benefits or allowances	162	19	19	193
Payments in lieu of leave	0	0	0	0
Post-retirement benefit obligations	46	70	70	52
Sub Total	2 699	2 640	2 640	2 827
% increase/ (decrease)	-	(2.18)	0	7.08
<b>Other Municipal Staff</b>				
Basic Salaries and Wages	6 939	7 779	7 779	7 697
Pension Contributions	883	1 079	1 079	912
Medical Aid Contributions	227	318	318	297
Motor vehicle allowance	299	381	381	405
Cell phone allowance	12	0	0	14
Housing allowance	21	23	23	23
Overtime	372	346	346	482
Other benefits or allowances	255	94	94	224
Sub Total	9 008	10 020	10 020	10 053



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
% increase	-	11.23	0	0.33
Total Municipality	13 874	15 176	15 176	15 255
% Increase/ (decrease)	-	9.38	0	0.52

Table 135.: Personnel Expenditure

## CHAPTER 5: FINANCIAL PERFORMANCE

### CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2014/15 financial year.

#### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

##### 5.1.1 OVERALL FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2014/15 financial year:

Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	2 615	2 875	2 875	2 794	(2.87)	(2.87)
Service charges	14 355	15 270	15 794	16 817	9.20	6.08
Investment revenue	966	591	625	966	38.82	35.31
Transfers recognised - operational	16 648	15 656	16 479	15 843	1.18	(4.01)
Other own revenue	18 665	2 896	4 269	17 700	83.64	75.88
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53 248</b>	<b>37 288</b>	<b>40 041</b>	<b>54 121</b>	<b>31.10</b>	<b>26.01</b>
Employee costs	10 181	13 790	13 788	10 149	(35.87)	(35.86)
Remuneration of Councillors	2 201	2 336	2 336	2 293	(1.88)	(1.88)
Depreciation & asset impairment	7 945	9 526	9 526	7 945	(19.91)	(19.91)
Finance charges	0	0	0	206	100.00	100.00
Materials and bulk purchases	6 648	6 523	7 286	6 573	0.77	(10.84)
Transfers and grants	1 324	4 215	4 219	2 375	(77.48)	(77.65)
Other expenditure	29 274	12 664	14 713	28 362	55.35	48.13
<b>Total Expenditure</b>	<b>57 574</b>	<b>49 054</b>	<b>51 868</b>	<b>57 904</b>	<b>15.28</b>	<b>10.42</b>
<b>Surplus/(Deficit)</b>	<b>(4 326)</b>	<b>(11 766)</b>	<b>(11 827)</b>	<b>(3 783)</b>	<b>(211.02)</b>	<b>(212.62)</b>
Transfers recognised - capital	12 394	11 893	12 407	13 416	11.35	7.53

## CHAPTER 5: FINANCIAL PERFORMANCE

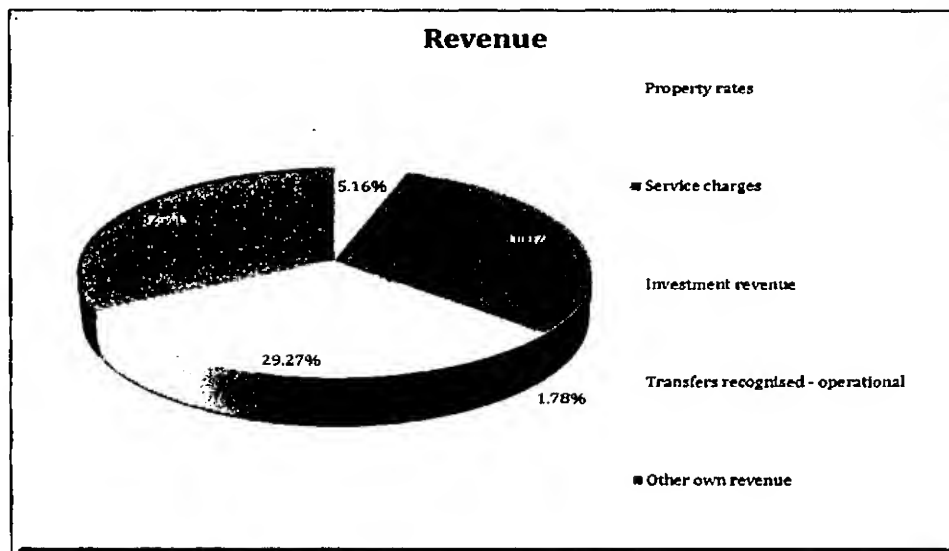
Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Contributions recognised - capital & contributed assets	0	0	0	0	0.00	0.00
<b>Surplus/(Deficit) for the year</b>	<b>8 068</b>	<b>127</b>	<b>580</b>	<b>9 633</b>	<b>98.68</b>	<b>93.98</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	12 394	11 893	12 407	13 416	0.11	0.08
Public contributions & donations	0	0	0	0	0.00	0.00
Borrowing	0	0	0	0	0.00	0.00
Internally generated funds	0	0	0	0	0.00	0.00
<b>Total sources of capital funds</b>	<b>12 394</b>	<b>11 893</b>	<b>12 407</b>	<b>13 416</b>	<b>0.11</b>	<b>0.08</b>
<b>Financial position</b>						
Total current assets	14 237	12 564	12 564	18 711	0.33	0.33
Total non-current assets	151 018	148 151	148 151	152 413	0.03	0.03
Total current liabilities	7 723	10 302	10 302	7 003	(0.47)	(0.47)
Total non-current liabilities	8 351	7 913	7 913	6 872	(0.15)	(0.15)
Community wealth/Equity	149 181	142 500	142 500	157 249	0.09	0.09
<b>Cash flows</b>						
Net cash from (used) operating	8 306	12 490	12 490	10 581	(0.18)	(0.18)
Net cash from (used) investing	(10 349)	(12 484)	(15 305)	(10 223)	(0.22)	(0.50)
Net cash from (used) financing	10 002	7 319	10 140	7 960	0.08	(0.27)
<b>Cash/cash equivalents at the year end</b>	<b>7 960</b>	<b>7 325</b>	<b>7 325</b>	<b>8 317</b>	<b>0.12</b>	<b>0.12</b>
<b>Asset management</b>						
Asset register summary (WDV)	254 327	266 220	266 733	263 455	(0.01)	(0.01)
Depreciation & asset impairment	(108 460)	(108 460)	(108 460)	(115 879)	0.06	0.06
Renewal of Existing Assets	0	0	0	0	0.00	0.00

## CHAPTER 5: FINANCIAL PERFORMANCE

Financial Summary						
R'000						
Description	2013/14	2014/15			2014/15 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Repairs and Maintenance	1 339	2 100	2 308	1 754	(0.20)	(0.32)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

**Table 136.: Financial Performance 2014/15**

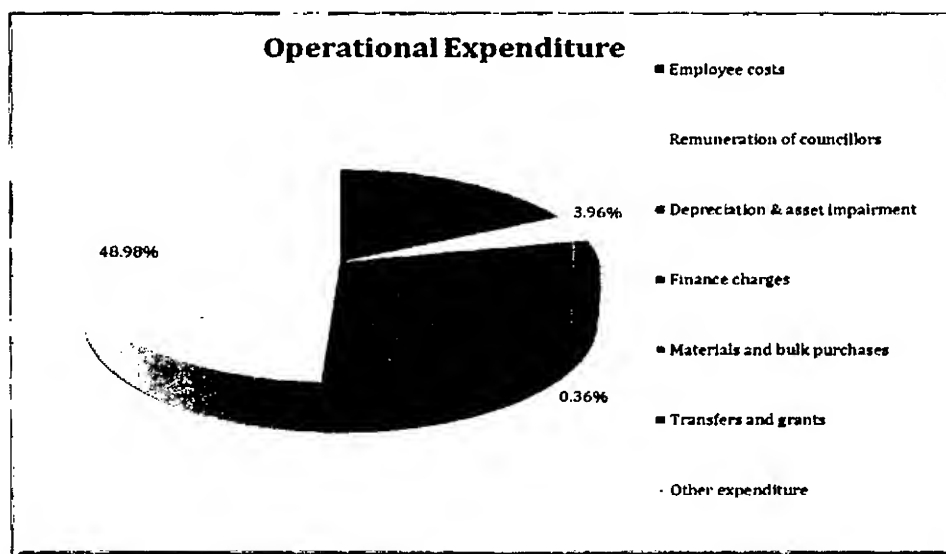
The following graph indicates the various types of revenue items in the municipal budget for 2014/15



**Graph 8.: Revenue**

## CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of expenditure items in the municipal budget for 2014/15



Graph 9.: Operating expenditure

### 5.1.2 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by Vote:

Vote Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Mayoral & Council	19 602	22 917	22 917	19 336	(18.52)	(18.52)
Vote 2 - Municipal Manager	0	0	0	0	0.00	0.00
Vote 3 - Corporate Services	4 113	2 859	3 292	11 454	75.04	71.26
Vote 4 - Budget & Treasury	8 699	5 064	5 984	8 102	37.49	26.14
Vote 5 - Planning and Development	25	90	242	0	0	0
Vote 6 - Community and Social Services	781	918	918	920	0.22	0.22
Vote 7 - Sport and Recreation	1	1	2	3	83.18	22.61
Vote 8 - Housing	11	11	11	363	97.11	97.11
Vote 9 - Public Safety	18 180	3 822	3 665	29 723	87.14	87.67
Vote 10 - Road Transport	1 115	1 034	1 032	2 737	62.20	62.30
Vote 11 - Waste Management	1 645	1 792	1 797	2 310	22.43	22.20
Vote 12 - Waste Water Management	1 749	1 966	1 915	2 657	26.01	27.93
Vote 13 - Water	673	2 060	2 479	3 085	33.22	19.63
Vote 14 - Electricity	9 049	10 815	9 671	9 629	(12.32)	(0.43)
<b>Total Revenue by Vote</b>	<b>65 642</b>	<b>53 349</b>	<b>53 924</b>	<b>90 319</b>	<b>40.93</b>	<b>40.30</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

## CHAPTER 5: FINANCIAL PERFORMANCE

Table 137.: Revenue by Vote

### 5.1.3 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	2 615	2 875	2 875	2 794	(2.87)	(2.87)
Property rates - penalties & collection charges	173	63	120	246	74.18	51.13
Service Charges - electricity revenue	9 049	10 346	9 671	9 471	(9.25)	(2.11)
Service Charges - water revenue	673	2 059	1 939	136	(1 413.30)	(1 325.11)
Service Charges - sanitation revenue	1 750	2 121	2 081	1 902	(11.50)	(9.40)
Service Charges - refuse revenue	1 644	1 823	1 835	1 729	(5.44)	(6.16)
Service Charges - other	118	98	74	80	(21.85)	8.52
Rentals of facilities and equipment	1 121	881	846	1 275	30.91	33.61
Interest earned - external investments	557	493	622	856	42.44	27.32
Interest earned - outstanding debtors	236	167	167	245	31.72	31.72
Dividends received	0	0	0	0	0	0
Fines	17 121	3 305	3 300	28 433	88.37	88.40
Licences and permits	887	363	240	1 115	67.48	78.45
Agency services	120	100	100	84	(19.91)	(19.91)
Transfers recognised - operational	16 648	15 656	16 968	19 788	20.88	14.25
Other revenue	536	592	690	769	23.08	10.37
Gains on disposal of PPE	0	0	0	0	0.00	0.00
Environmental Protection	0	0	0	0	0.00	0.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53 248</b>	<b>40 942</b>	<b>41 527</b>	<b>68 921</b>	<b>40.60</b>	<b>39.75</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 138.: Revenue by Source

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1.4 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational services performance for the 2014/15 financial year:

Financial Performance of Operational Services						
R'000						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Water	3 217	4 437	2 693	3 094	(43.41)	12.97
Waste Water (Sanitation)	2 049	1 714	1 841	2 958	42.06	37.74
Electricity	9 926	9 565	10 611	9 855	2.94	(7.67)
Waste Management	1 770	1 868	1 799	2 496	25.17	27.91
Housing	472	362	273	271	(33.35)	(0.67)
<b>Component A: sub-total</b>	<b>17 434</b>	<b>17 945</b>	<b>17 217</b>	<b>18 674</b>	<b>3.90</b>	<b>7.80</b>
Waste Water (Stormwater Drainage)	0	0	0	0	0.00	0.00
Roads	10 413	8 171	10 488	11 904	31.36	11.90
Transport	0	0	0	0	0.00	0.00
<b>Component B: sub-total</b>	<b>10 413</b>	<b>8 171</b>	<b>10 488</b>	<b>11 904</b>	<b>31.36</b>	<b>11.90</b>
Planning	545	803	806	846	5.07	4.72
Local Economic Development	0	0	0	0	0.00	0.00
<b>Component C: sub-total</b>	<b>545</b>	<b>803</b>	<b>806</b>	<b>846</b>	<b>5.07</b>	<b>4.72</b>
Community & Social Services	1 276	992	1 134	1 339	25.91	15.28
Environmental Protection	0	0	0	0	0.00	0.00
Health	0	0	0	0	0.00	0.00
Security and Safety	17 190	5 183	5 139	26 734	80.61	80.78
Sport and Recreation	1 249	1 690	1 829	1 183	(42.92)	(54.65)
Corporate Policy Offices and Other	9 467	16 169	15 980	11 961	(35.18)	(33.60)
<b>Component D: sub-total</b>	<b>29 182</b>	<b>24 034</b>	<b>24 082</b>	<b>41 216</b>	<b>41.69</b>	<b>41.57</b>
<b>Total Expenditure</b>	<b>57 574</b>	<b>50 953</b>	<b>52 593</b>	<b>72 639</b>	<b>29.85</b>	<b>27.60</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 139.: Operational Services Performance



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

#### 5.2.1 WATER SERVICES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	673	2 060	2 479	3 085	33.22
<b>Expenditure:</b>					
Employees	342	558	558	202	(176.27)
Repairs and Maintenance	176	328	328	167	(96.66)
Other	2 705	3 588	1 807	2 810	(27.71)
<b>Total Operational Expenditure</b>	3 223	4 474	2 693	3 178	(40.76)
<b>Net Operational (Service) Expenditure</b>	(2 550)	(2 413)	(213)	(93)	(2 494.59)
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 140.: Financial Performance: Water Services

#### 5.2.2 WASTE WATER (SANITATION) PROVISION

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	1 749	1 966	1 915	2 657	26.01
<b>Expenditure:</b>					
Employees	271	111	111	341	67.47
Repairs and Maintenance	165	203	203	126	(61.11)
Other	1 621	1 411	1 528	2 505	43.67
<b>Total Operational Expenditure</b>	2 056	1 725	1 841	2 971	41.96
<b>Net Operational (Service) Expenditure</b>	(308)	241	73	(314)	176.65
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 141.: Financial Performance: Waste Water (Sanitation) Services

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.3 ELECTRICITY

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>9 049</b>	<b>10 815</b>	<b>9 671</b>	<b>9 629</b>	<b>(12.32)</b>
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	144	175	175	196	10.62
Other	10 039	9 859	10 435	9 934	0.76
<b>Total Operational Expenditure</b>	<b>10 184</b>	<b>10 034</b>	<b>10 611</b>	<b>10 130</b>	<b>0.95</b>
<b>Net Operational (Service) Expenditure</b>	<b>(1 135)</b>	<b>781</b>	<b>(940)</b>	<b>(501)</b>	<b>255.88</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 142.: Financial Performance: Electricity

### 5.2.4 WASTE MANAGEMENT

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>1 645</b>	<b>1 792</b>	<b>1 797</b>	<b>2 310</b>	<b>22.43</b>
<b>Expenditure:</b>					
Employees	406	457	457	539	15.38
Repairs and Maintenance	39	89	89	109	18.43
Other	1 330	1 329	1 260	1 853	28.28
<b>Total Operational Expenditure</b>	<b>1 775</b>	<b>1 874</b>	<b>1 806</b>	<b>2 501</b>	<b>25.07</b>
<b>Net Operational (Service) Expenditure</b>	<b>(130)</b>	<b>(83)</b>	<b>(9)</b>	<b>(191)</b>	<b>56.87</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 143.: Financial Performance: Waste Management

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.5 HOUSING

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>363</b>	<b>97.11</b>
<b>Expenditure:</b>					
Employees	0	0	0	0	0.00
Repairs and Maintenance	2	34	34	146	77.05
Other	470	328	240	125	(161.79)
<b>Total Operational Expenditure</b>	<b>472</b>	<b>362</b>	<b>273</b>	<b>271</b>	<b>(33.35)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(461)</b>	<b>(351)</b>	<b>(263)</b>	<b>91</b>	<b>484.91</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 144.: Financial Performance: Housing

### 5.2.6 ROADS AND STORMWATER

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>1 115</b>	<b>1 034</b>	<b>1 032</b>	<b>2 737</b>	<b>62.20</b>
<b>Expenditure:</b>					
Employees	2 017	2 281	2 279	2 140	(6.57)
Repairs and Maintenance	299	427	427	362	(17.80)
Other	8 906	6 199	8 517	10 137	38.85
<b>Total Operational Expenditure</b>	<b>11 222</b>	<b>8 906</b>	<b>11 223</b>	<b>12 640</b>	<b>29.54</b>
<b>Net Operational (Service) Expenditure</b>	<b>(10 108)</b>	<b>(7 872)</b>	<b>(10 191)</b>	<b>(9 903)</b>	<b>20.51</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 145.: Financial Performance: Waste Water (Stormwater)

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.7 IDP, LOCAL ECONOMIC DEVELOPMENT AND SOCIAL

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	25	90	242	0	0.00
<b>Expenditure:</b>					
Employees	245	348	348	475	26.69
Repairs and Maintenance	31	0	0	3	100.00
Other	269	455	458	368	(23.66)
<b>Total Operational Expenditure</b>	<b>545</b>	<b>803</b>	<b>806</b>	<b>846</b>	<b>5.07</b>
<b>Net Operational (Service) Expenditure</b>	<b>(521)</b>	<b>(713)</b>	<b>(564)</b>	<b>(846)</b>	<b>15.71</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

*Table 146.: Financial Performance: IDP, Local Economic Development and Social*

### 5.2.9 PLANNING AND BUILDING CONTROL

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	25	90	242	0	0.00
<b>Expenditure:</b>					
Employees	245	348	348	475	26.69
Repairs and Maintenance	31	0	0	3	100
Other	269	455	458	368	(23.66)
<b>Total Operational Expenditure</b>	<b>545</b>	<b>803</b>	<b>806</b>	<b>846</b>	<b>5.07</b>
<b>Net Operational (Service) Expenditure</b>	<b>(521)</b>	<b>(713)</b>	<b>(564)</b>	<b>(846)</b>	<b>15.71</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

*Table 147.: Financial Performance: Planning and Building Control*

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.9 CEMETERIES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	0	0	0	0	0
<b>Expenditure:</b>					
Employees	82	95	95	18	(420.24)
Repairs and Maintenance	0	0	0	0	0
Other	410	144	304	388	62.82
<b>Total Operational Expenditure</b>	<b>491</b>	<b>239</b>	<b>399</b>	<b>407</b>	<b>41.11</b>
<b>Net Operational (Service) Expenditure</b>	<b>(491)</b>	<b>(239)</b>	<b>(399)</b>	<b>(407)</b>	<b>41.11</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 148.: Financial Performance: Cemeteries

### 5.2.10 LIBRARIES

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	765	907	907	908	0.12
<b>Expenditure:</b>					
Employees	427	431	431	504	14.61
Repairs and Maintenance	3	5	5	67	92.08
Other	265	189	184	301	36.99
<b>Total Operational Expenditure</b>	<b>695</b>	<b>625</b>	<b>620</b>	<b>872</b>	<b>28.28</b>
<b>Net Operational (Service) Expenditure</b>	<b>70</b>	<b>282</b>	<b>287</b>	<b>36</b>	<b>(673.26)</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 149.: Financial Performance: Libraries

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.11 TRAFFIC AND LAW ENFORCEMENT

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>18 180</b>	<b>3 822</b>	<b>3 665</b>	<b>29 723</b>	<b>87.14</b>
<b>Expenditure:</b>					
Employees	1 491	1 679	1 679	1 474	(13.91)
Repairs and Maintenance	14	49	49	45	(9.49)
Other	15 685	3 455	3 411	25 215	86.30
<b>Total Operational Expenditure</b>	<b>17 190</b>	<b>5 183</b>	<b>5 139</b>	<b>26 734</b>	<b>80.61</b>
<b>Net Operational (Service) Expenditure</b>	<b>990</b>	<b>(1 361)</b>	<b>(1 474)</b>	<b>2 990</b>	<b>145.53</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 150.: Financial Performance: Traffic and Law enforcement

### 5.2.12 SPORT AND RECREATION

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>83.18</b>
<b>Expenditure:</b>					
Employees	441	674	674	445	(51.58)
Repairs and Maintenance	35	72	72	19	(269.58)
Other	774	944	1 083	718	(31.44)
<b>Total Operational Expenditure</b>	<b>1 249</b>	<b>1 690</b>	<b>1 829</b>	<b>1 183</b>	<b>(42.92)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(1 249)</b>	<b>(1690)</b>	<b>(1 829)</b>	<b>(1 180)</b>	<b>(43.24)</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 151.: Financial Performance: Sport and Recreation

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.13 ADMINISTRATION

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>19 602</b>	<b>22 917</b>	<b>22 917</b>	<b>19 336</b>	<b>(18.52)</b>
<b>Expenditure:</b>					
Employees	677	3 218	3 206	2 161	(48.91)
Repairs and Maintenance	8	52	52	5	(903.40)
Other	3 919	6 258	6 305	4 418	(41.66)
<b>Total Operational Expenditure</b>	<b>4 604</b>	<b>9 528</b>	<b>9 563</b>	<b>6 584</b>	<b>(44.72)</b>
<b>Net Operational (Service) Expenditure</b>	<b>14 998</b>	<b>13 390</b>	<b>13 355</b>	<b>12 753</b>	<b>(4.99)</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 152.: Financial Performance: Administration

### 5.2.14 FINANCE

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>8 699</b>	<b>5 064</b>	<b>5 984</b>	<b>8 102</b>	<b>37.49</b>
<b>Expenditure:</b>					
Employees	2 603	2 574	2 574	3 568	27.86
Repairs and Maintenance	6	22	22	16	(42.91)
Other	5 058	4 100	4 207	4 356	5.88
<b>Total Operational Expenditure</b>	<b>7 667</b>	<b>6 697</b>	<b>6 803</b>	<b>7 940</b>	<b>15.66</b>
<b>Net Operational (Service) Expenditure</b>	<b>1 032</b>	<b>(1 632)</b>	<b>(819)</b>	<b>162</b>	<b>1 106.30</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 153.: Financial Performance: Finance

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.15 HR

Description	2013/14	2014/15			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
<b>Total Operational Revenue (excluding tariffs)</b>	<b>4 113</b>	<b>2 859</b>	<b>3 292</b>	<b>11 454</b>	<b>75.04</b>
<b>Expenditure:</b>					
Employees	765	1 135	1 135	886	(28.09)
Repairs and Maintenance	155	317	317	257	(23.07)
Other	4 312	6 311	5 892	4 076	(54.81)
<b>Total Operational Expenditure</b>	<b>5 232</b>	<b>7 763</b>	<b>7 344</b>	<b>5 220</b>	<b>(48.71)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(1 119)</b>	<b>(4 904)</b>	<b>(4 052)</b>	<b>6 234</b>	<b>178.66</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 154.: Financial Performance: HR

### 5.3 GRANTS

#### 5.3.1 GRANT PERFORMANCE

The municipality had a total amount of **R11 331** million for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2014/15 financial year. The performance in the spending of these grants is summarised as follows:

Grant Performance						
R'000						
Description	2013/14	2014/15			2014/15 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Capital Transfers and Grants</b>						
<b>National Government:</b>	<b>12 563</b>	<b>13 542</b>	<b>12 139</b>	<b>13 493</b>	<b>(0.36)</b>	<b>(0.36)</b>
Equitable share	10 224	10 908	10 908	10 908	0.00	0.00
Municipal Systems Improvement	839	934	934	885	(5.54)	(5.54)
Finance Management Grant	1 500	1 700	1 700	1 700	0.00	0.00
<b>Provincial Government:</b>	<b>1 500</b>	<b>0</b>	<b>1 700</b>	<b>1 700</b>	<b>100</b>	<b>(164.71)</b>
Financial Management Support Grant	1 500	0	4 500	1 700	100	(164.71)
<b>Total Capital Transfers and Grants</b>	<b>14 063</b>	<b>13 542</b>	<b>18 042</b>	<b>15 193</b>	<b>10.87</b>	<b>(18.75)</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 155.: Grant Performance for 2014/15



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.3.2 CONDITIONAL GRANTS (EXCLUDING MIG)

Details	Budget	Adjusted Budget	Actual	% Variance	
				Budget	Adjusted Budget
	R'000				
Department of Transport	17	13	10	(76.91)	(33.09)
Equitable share: Councillors Remuneration		1 403	1 173	0	(19.61)
Total	17	1 416	1 183	98.54	(19.72)

Table 156.: Conditional Grant (excl. MIG)

### 5.3.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	%
2013/14	13 994	44 980	31.11
2014/15	19 788	67 537	29.30

Table 157.: Reliance on grants

## 5.4 ASSET MANAGEMENT

### 5.4.1 REPAIRS AND MAINTENANCE

Description	Basis of Calculation	2013/14	2014/15
		R'000	R'000
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.03	0.03

Table 158.: Repairs & maintenance as % of total Operating Revenue

## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Current Ratio	Current assets/current liabilities	1.84	2.67
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(587.52)	(693.10)
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	1 076.94	2 107.44

Table 159.: Liquidity Financial Ratio

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Cost Coverage	{Available cash + Investments}/monthly fixed operational expenditure	3.72	6.01
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.27	0.27
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	8.15	10.79

*Table 160.: Financial Viability National KPAs*

### 5.5.3 BORROWING MANAGEMENT

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0	0

*Table 161.: Borrowing Management*

### 5.5.4 EMPLOYEE COSTS

Description	Basis of calculation	2013/14	2014/15
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.19	0.19

*Table 162.: Employee Costs*

### COMPONENTS OF SPENDING AGAINST CAPITAL BUDGET

### 5.6 CAPITAL EXPENDITURE: SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2014/15 financial year:

Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R'000				%	
External loans	0	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	12 284	11 943	14 824	9 998	24.12	(40.41)
Own funding	17	541	481	240	(11.14)	(44.46)

## CHAPTER 5: FINANCIAL PERFORMANCE

Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R'000				%	
Other	0	0	0	0	0.00	0.00
<b>Total</b>	<b>12 301</b>	<b>12 484</b>	<b>15 305</b>	<b>10 238</b>	<b>22.59</b>	<b>(40.59)</b>
<b>Percentage of finance (%)</b>						
External loans	0	0	0	0	0.00	0.00
Public contributions and donations	0	0	0	0	0.00	0.00
Grants and subsidies	99.86	95.67	96.86	97.65	1.25	0.83
Other	0.14	4.33	3.14	2.35	(27.52)	(18.35)
<b>Capital expenditure</b>						
Water and sanitation	8 891	6 271	7 024	6 171	12.01	(13.60)
Electricity	286	0	73	100	0.00	0.00
Housing	660	4 048	4 048	0	0.00	(100.00)
Roads and storm water	518	0	308	1 878	0.00	0.00
Other	705	2 165	3 852	2 089	77.89	(81.44)
<b>Total</b>	<b>11 060</b>	<b>12 484</b>	<b>15 305</b>	<b>10 238</b>	<b>22.59</b>	<b>(40.59)</b>
<b>Percentage of expenditure (%)</b>						
Water and sanitation	80.39%	50.23%	45.89%	60.28%	(8.63)	28.64
Electricity	2.59%	0.00%	0.47%	0.98%	0.00	0.00
Housing	5.97%	32.43%	26.45%	0.00%	(18.43)	(81.57)
Roads and storm water	4.69%	0.00%	2.01%	18.34%	0.00	0.00
Other	6.37%	17.35%	25.17%	20.40%	45.11	(27.49)

Table 163.: Capital Expenditure by funding source

### 5.7 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

This grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Infrastructure Grant (MIG)* Expenditure 2014/15					
R					
Details	Original Budget	Adjustments Budget	Actual	% Variance	
				Original Budget	Adjustments Budget
Infrastructure - Road transport	0	309	1 878	100.00	83.54
Storm water	0	309	1 878	100.00	83.54
Infrastructure - Electricity	0	73	100	100.00	27.71
Street Lighting	0	73	100	100.00	27.71

## CHAPTER 5: FINANCIAL PERFORMANCE

Municipal Infrastructure Grant (MIG)* Expenditure 2014/15					
R					
Details	Original Budget	Adjustments Budget	Actual	% Variance	
				Original Budget	Adjustments Budget
<b>Infrastructure - Water</b>	<b>3 517</b>	<b>1 166</b>	<b>223</b>	<b>(1 479.11)</b>	<b>(423.27)</b>
Dams & Reservoirs	3 230	1 166	0	0.00	0.00
Reticulation	287 025	0	222 751	(28.85)	100.00
<b>Infrastructure - Sanitation</b>	<b>1 725</b>	<b>5 487</b>	<b>5 948</b>	<b>71.00</b>	<b>7.76</b>
Reticulation	0	0	0	0.00	0.00
Sewerage Purification	1 725	5 487	5 948	71.00	7.76
<b>Infrastructure - Other Specify</b>	<b>1 509</b>	<b>3 256</b>	<b>1 848</b>	<b>18.36</b>	<b>(76.15)</b>
Sport fields	1 509	3 256	1 848	18.36	(76.15)
<b>Total</b>	<b>6 751</b>	<b>10 290</b>	<b>9 998</b>	<b>32.47</b>	<b>(2.92)</b>
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.					

*Table 164: Municipal Infrastructure Grant (MIG)*

### COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

#### 5.8 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2013/14	2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	18 742	18 605	18 605	20 561
Government - operating	25 334	14 786	14 786	16 648
Government - capital	0	11 943	11 943	12 423
Interest	1 056	591	591	966
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(35 863)	(32 929)	(32 929)	(38 712)

## CHAPTER 5: FINANCIAL PERFORMANCE

Cash Flow Outcomes				
R'000				
Description	2013/14	2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Finance charges	(307)	-	-	(206)
Transfers and Grants	-	(505)	(505)	(1 099)
<b>Net cash from/(used) operating activities</b>	<b>8 961</b>	<b>12 490</b>	<b>12 490</b>	<b>10 581</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	0	0	0	0
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
<b>Payments</b>				
Capital assets	(11 004)	(12 484)	(12 484)	(10 223)
<b>Net cash from/(used) investing activities</b>	<b>(11 004)</b>	<b>(12 484)</b>	<b>(12 484)</b>	<b>(10 223)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
<b>Payments</b>				
Repayment of borrowing	0	0	0	0
<b>Net cash from/(used) financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(2 043)</b>	<b>6</b>	<b>6</b>	<b>358</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>10 002</b>	<b>7 960</b>	<b>7 960</b>	<b>7 960</b>
<b>Cash/cash equivalents at the year-end:</b>	<b>7 960</b>	<b>7 966</b>	<b>7 966</b>	<b>8 317</b>

Table 165.: Cash flow

## CHAPTER 5: FINANCIAL PERFORMANCE

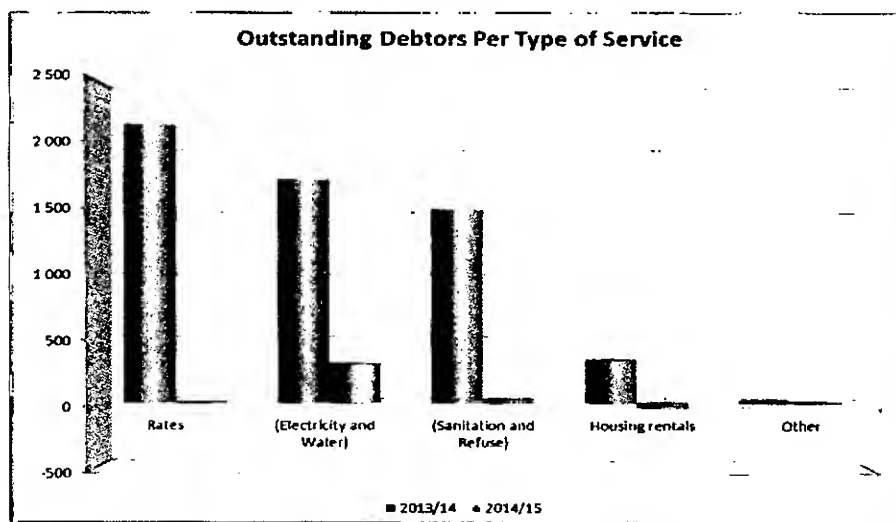
### 5.9 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000					
2013/14	2 153	1 430	1 480	377	14	5 455
2014/15	2 157	1 737	1 505	339	19	5 757
Difference	4	307	25	(38)	5	302
% growth year on year	0	21	2	-10	35	6
Note: Figures exclude provision for bad debt						

*Note: Figures exclude provision for bad debt.*

Table 166.: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2014/15



Graph 10.: Outstanding debt per type of service

### 5.10 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2013/14	1 192	136	135	4 552	6 015
2014/15	746	767	150	4 872	6 536
Difference	(446)	631	15	321	521
% growth year on year	(37)	464	11	7	9

*Note: Figures exclude provision for bad debt.*

Table 167.: Outstanding debtor age analysis

## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.11 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

#### 5.11.1 ACTUAL BORROWINGS

Actual Borrowings		
R' 000		
Instrument	2013/14	2014/15
Long-Term Loans (annuity/reducing balance)	0	0
Long-Term Loans (non-annuity)	0	0
Local registered stock	0	0
Instalment Credit	0	0
Financial Leases	0	0
PPP liabilities	0	0
Finance Granted By Cap Equipment Supplier	0	0
Marketable Bonds	0	0
Non-Marketable Bonds	0	0
Bankers Acceptances	0	0
Financial derivatives	0	0
Other Securities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Table 168.: Actual Borrowings

#### 5.11.2 MUNICIPAL INVESTMENTS

Actual Investments		
R'000		
Investment type	2013/14	2014/15
	Actual	Actual
Deposits - Bank	8 317	14 758
<b>Total</b>	<b>8 317</b>	<b>14 758</b>

Table 169.: Municipal Investments

## CHAPTER 6: AUDITOR-GENERAL FINDINGS

COMPONENT 6: AUDITOR-GENERAL FINDINGS 2013/14

COMPONENT 6: AUDITOR-GENERAL FINDINGS 2013/14

### 6.1 AUDITOR GENERAL REPORT 2013/14

Details	
Audit Report Status:	Unqualified
Issue raised	Corrective steps implemented
Material losses: Water losses of 52.78% amounting to R992 521 (2012-13: 29.84% amounting to R641 582) were incurred during the year	No records were kept of the water losses of the large pipe bursts during the year, which gave rise to the large amount of water losses. Council will implement processes to calculate these losses.
Material impairments: The municipality has provided for an impairment of R2.2 million on receivables from exchange transactions and an impairment of R13.9 million on receivables from non-exchange transactions	The long distance cameras were only included in the 2014/15 financial year. The statistics were also a problem. More information will be available after the 2014/15 financial year.
Significant uncertainties: There is a pending litigation on the wage curve agreement which could potentially be significant if the municipality has to pay the salary increase backdated to 1 July 2010	Laingsburg Municipality has already made repayments to employees during the TASK evaluation process in previous financial years. The final legal outcome has not been received yet and Council will approve the necessary adjustments where required
<p>The audit on the predetermined objectives produced the following findings:</p> <ul style="list-style-type: none"> <li>Adequate and reliable corroborating evidence could not be provided for the targets to assess the reliability of the reported performance information</li> <li>The indicators were not verifiable</li> <li>Targets were not measureable</li> </ul>	Laingsburg Municipality is in the process of addressing this finding for the following financial year.

Table 170.: AG Report 2013/14

COMPONENT 6: AUDITOR-GENERAL FINDINGS 2014/15

### 6.2 AUDITOR GENERAL REPORT 2014/15

Details	
Audit Report Status:	Unqualified
Issue raised	Corrective steps implemented
Material losses: Water losses of 51,5% amounting to R1 216 975 (2013-14: 52,8% amounting to R992 521) were incurred during the year.	Mr. Andrew Simmons (MISA) has been appointed to investigate water losses, identification of Non Revenue Water Strategies and Projects to reduce water losses.
Material impairments: Receivables have been significantly impaired. The impairment allowance amounts to R36,1 million (84% of gross	The large increase in the impairment is due to the application of iGRAP1 on the traffic fines. This will vary from year to year depending on the results of fines issued, paid and withdrawn. Unfortunately



## CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
receivables) of which R2,5 million (6% of gross receivables) relates to services debtors.	the application of iGRAP 1 will result in fluctuations in debt impairment year on year.
Compliance with legislation	
The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013-14 annual report was tabled, as required by section 129(1) of the MFMA.	Ensure the Oversight Report is adopted within two (2) months after Annual Report was tabled. Annual Report was tabled 21 January 2016 and Oversight Report will be adopted before 21 March 2016.
The audit committee did not advise the council and the accounting officer on matters relating to: (a) internal financial control and internal audits, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA; (b) the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA; and (c) compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.	Audit Committee will undergo training in terms of their roles and responsibilities. Internal Audit will ensure: 1) Audit Committee has a standing items agenda aligned the MFMA; 2) AC advise the Council and Municipal Manager accordingly.
The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.	Internal Audit will ensure that Audit Committee respond to Council on issues raised in the audit reports of the Auditor-General.
The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.	Internal Audit will ensure that the Audit Committee meet at least four (4) times per annum.
The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).	Internal Audit will ensure that Audit Committee review the performance management system and recommendations to Council.
The audit committee did not review the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).	Internal Audit will ensure Audit Committee review the quarterly internal audit reports on performance measurements.
The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).	Internal Audit ensure that AC at least twice submit the review of the performance management system to Council.
The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on	Internal Audit will adapt to means to advise and report to AC on legislatively required matters.

## CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.	
The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.	Internal Audit will advise the accounting officer and report to AC on compliance with MFMA and DORA.
Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.	A new SCM system with a revised workflow to be implemented. Monthly and quarterly reporting in terms of all expenditure.
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) regulation 17(a) and (c).	A new SCM system with a revised workflow to be implemented. A standardized operating procedure according to the system for transaction below the threshold of R200 000 to be developed accordingly. A compliance checklist to check all compliance.
Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).	The municipality migrated to the Western Cape Suppliers Database and procurement will only be sourced thereof. Procurement to be done according to new system and workflow with a compliance checklist.
Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).	A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.  Deviations only to be approved in emergency and option will be used only as a last resort.
Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).	A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.  A Bid Specification Certificate to be developed by SCM which must be completed by the user department with draft specifications. Once completed and signed-off only then the formal bidding process to start according to the new workflow and system.
Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).	Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees.
Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding	A new SCM system with a workflow to be implemented. System will also make provision for

## CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).	proper records keeping which will be electronically available.
Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).	Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees.
Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.	A new SCM system with a workflow to be implemented. System will also make provision for evaluation of bids. Records Management will be done according to new system with electronic records as proof as well as hard copies.
Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).	Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees. Attendance registers to be provided as proof and records will be kept.
Thresholds for local content on designated sectors procurement were not properly applied in accordance with the requirements of preferential procurement regulation 9.	Threshold to be implemented when applicable in terms of competitive bids. New system will make provision for separate procurement process in terms of local content.
Sufficient appropriate audit evidence could not be obtained that councillors of the municipality participated in committees evaluating or approving tenders or attended meetings of committees evaluating or approving tenders, in contravention of section 117 of the MFMA.	Bid Committee System to be revised in terms of the new SCM workflow and additional staff member to be appointed in the SCM Unit which will allow for segregation of duties in terms of serving on the different committees. Attendance registers to be provided as proof.
Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and SCM regulation 28(1)(a).	A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available. System to make for provision for separate procurement process when preferential points is applicable. A compliance checklist to be developed accordingly.
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations.	A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available. System to make for provision for separate procurement process when preferential points is

## CHAPTER 6: AUDITOR-GENERAL FINDINGS

Details	
	applicable. A compliance checklist to be developed accordingly.
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of PPPFA.	<p>A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.</p> <p>System to make for provision for separate procurement process when preferential points is applicable. A compliance checklist to be developed accordingly.</p> <p>Proof will be points scoring sheet with final letter of award.</p>
Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).	<p>A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.</p> <p>System to make for provision for declaration of interests' submission and will be monitored by a compliance checklist.</p>
The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.	All contracts to be reviewed and Contract Register to be developed accordingly.
The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.	All contracts to be reviewed and Contract Register to be developed accordingly.
Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.	<p>A new SCM system with a workflow to be implemented. This will split procurement according to the different thresholds. System will also make provision for proper records keeping which will be electronically available.</p> <p>System to make for provision for submission of tax clearance when applicable. A compliance checklist to be developed accordingly.</p>
Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.	<p>Align Disciplinary Board procedures with MPAC.</p> <p>Tabling of unauthorized-, irregular- and fruitless and wasteful expenditure policy by SCM for approval by Council.</p> <p>The Disciplinary Board Policy should be tabled to Council for approval. Develop systems for early identification e.g. monthly review of transactions.</p>

*Table 171.: AG Report 2014/15*

## ABBREVIATIONS

### LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CFO</b>	Chief Financial Officer
<b>CIDB</b>	Construction Industry Development Board
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>FET</b>	Further Education and Training
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GDPR</b>	Gross Domestic Product of Region
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LADAAG</b>	Laingsburg Anti-Drug and Alcohol Action Group
<b>LASBA</b>	Laingsburg Small Business Association
<b>LED</b>	Local Economic Development
<b>MAYCOM</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>MTECH</b>	Medium Term Expenditure Committee

## **ABBREVIATIONS**

<b>NGO</b>	Non-governmental organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PACA</b>	Participatory Appraisal Competitive Advantage
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>VCP</b>	Vehicle Check Point

ANNEXURE A: AUDITED  
FINANCIAL STATEMENTS  
2014-15



Laingsburg Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2015



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## General Information

---

<b>Legal form of entity</b>	Local Municipality WC051
<b>Nature of business and principal activities</b>	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community: Rates and general services - All types of services rendered by the municipality, excluding the following; Housing Services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste Management Services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality; and Water Services - Supplying water to the public.
<b>Mayoral committee</b>	
Executive Mayor	Hon. Theron W du P
Deputy Executive Mayor	Cllr. Van As BJ
Speaker	Hon. Horn HG
Councillors	Cllr. Bobbejee M Cllr. Botes P Cllr. Botha J Cllr. Gouws M
<b>Grading of local authority</b>	Grade 1
<b>Capacity of local authority</b>	Small
<b>Accounting Officer</b>	Mr. Williams PA
<b>Chief Finance Officer (CFO)</b>	Ms. Groenewald A
<b>Registered office</b>	2 Van Riebeeck Street Laingsburg 6900
<b>Business address</b>	2 Van Riebeeck Street Laingsburg 6900
<b>Postal address</b>	Private Bag X4 Laingsburg 6900
<b>Bankers</b>	ABSA Bank Standard Bank
<b>Auditors</b>	Auditor General of South Africa
<b>Attorneys</b>	Blyth & Coetzee Attorneys Davids Attorneys De Vries, De Wet & Krouwkam Attorneys

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Index

---

The reports and statements set out below comprise the annual financial statements presented to the council:

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 11
Accounting Policies	12 - 38
Notes to the Annual Financial Statements	38 - 86
Appendixes: A, B and F	

### Abbreviations

GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Officer's Responsibilities and Approval**

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges ultimate responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the municipality's internal auditors.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 86, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2015.

---

**Accounting Officer**  
**PA Williams**

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	14 758 371	8 317 171
Receivables from exchange transactions	4	1 432 861	1 362 705
Receivables from non-exchange transactions	5	5 323 318	2 973 506
VAT Receivable	6	2 333 395	353 425
Operating lease asset	7	6 676	2 501
Inventories	8	5 312 811	5 697 975
Current portion of long term receivables from exchange transactions	9	281	4 220
		<b>29 167 713</b>	<b>18 711 503</b>
<b>Non-Current Assets</b>			
Operating lease asset	7	2 697	9 373
Investment property	10	4 511 190	4 440 413
Property, plant and equipment	11	161 434 891	147 576 040
Intangible assets	12	669 220	343 357
Heritage assets	13	43 354	43 354
		<b>166 661 352</b>	<b>152 412 537</b>
<b>Total Assets</b>		<b>195 829 065</b>	<b>171 124 040</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee benefit obligation	14	92 000	81 000
Payables from exchange transactions	17	5 951 626	3 282 016
Consumer deposits	18	406 255	395 505
Unspent conditional grants and receipts	19	6 357 897	3 039 539
Provisions	20	417 533	205 078
		<b>13 225 311</b>	<b>7 003 138</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	14	3 785 000	3 820 000
Provisions	20	4 347 842	3 051 584
		<b>8 132 842</b>	<b>6 871 584</b>
<b>Total Liabilities</b>		<b>21 358 153</b>	<b>13 874 722</b>
<b>Net Assets</b>		<b>174 470 912</b>	<b>157 249 318</b>
Accumulated surplus	49	174 470 912	157 249 318

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	21	13 902 626	13 109 627
Interest received	22	1 346 300	965 764
Rental income	23	1 274 595	1 120 532
Licences and permits		176 204	209 385
Agency services		83 646	120 092
Other income	24	618 541	249 382
<b>Total revenue from exchange transactions</b>		<b>17 401 912</b>	<b>15 774 782</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	2 794 213	2 614 590
<b>Transfer revenue</b>			
Government grants and subsidies	26	39 494 478	29 259 697
Fines, penalties and forfeits		28 432 776	17 121 289
<b>Total revenue from non-exchange transactions</b>		<b>70 721 467</b>	<b>48 995 576</b>
<b>Total revenue</b>		<b>88 123 379</b>	<b>64 770 358</b>
<b>Expenditure</b>			
Employee related costs	27	(12 861 255)	(10 148 920)
Remuneration of councillors	28	(2 412 029)	(2 293 077)
Debt impairment	29	(19 976 306)	(12 324 587)
Depreciation and amortisation	30	(7 746 012)	(7 799 243)
Impairment loss	31	(26 713)	(145 707)
Finance costs	32	(225 211)	(206 339)
Repairs and maintenance		(1 638 813)	(1 487 317)
Bulk purchases	33	(6 573 271)	(6 648 043)
Contracted services	34	(45 871)	(97 844)
Grants and subsidies paid	35	(1 245 778)	(1 098 818)
General expenses	36	(17 875 975)	(14 357 409)
Library lease		(76 980)	(12 900)
Collection costs		(187 844)	(21 667)
<b>Total expenditure</b>		<b>(70 892 058)</b>	<b>(56 641 871)</b>
<b>Operating surplus</b>		<b>17 231 321</b>	<b>8 128 487</b>
Loss on disposal of assets		(9 727)	(60 461)
<b>Surplus for the year</b>		<b>17 221 594</b>	<b>8 068 026</b>

## Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2013 as restated</b>	<b>149 181 289</b>	<b>149 181 289</b>
Changes in net assets		
Surplus for the year	8 068 029	8 068 029
Total changes	8 068 029	8 068 029
<b>Balance at 01 July 2014</b>	<b>157 249 318</b>	<b>157 249 318</b>
Changes in net assets		
Surplus for the year	17 221 594	17 221 594
Total changes	17 221 594	17 221 594
<b>Balance at 30 June 2015</b>	<b>174 470 912</b>	<b>174 470 912</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		22 299 408	21 480 588
Grants		41 567 057	27 972 335
Interest income		1 346 300	965 764
Other receipts		535 844	234 682
		<u>65 748 609</u>	<u>50 653 369</u>
<b>Payments</b>			
Cash paid to employees		(15 297 284)	(13 752 997)
Cash paid to suppliers		(22 856 787)	(25 994 321)
Finance costs		(225 211)	(206 339)
		<u>(38 379 282)</u>	<u>(39 953 656)</u>
<b>Net cash flows from operating activities</b>	38	<u><b>27 369 327</b></u>	<u><b>10 699 713</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(20 395 586)	(10 223 318)
Purchase of intangible assets	12	(524 889)	-
Long term receivables	12	(7 652)	(118 782)
<b>Net cash flows from investing activities</b>		<u><b>(20 928 127)</b></u>	<u><b>(10 342 100)</b></u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>6 441 200</b>	<b>357 613</b>
Cash and cash equivalents at the beginning of the year		8 317 171	7 959 558
<b>Cash and cash equivalents at the end of the year</b>	3	<u><b>14 758 371</b></u>	<u><b>8 317 171</b></u>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges - water revenue	16 393 800	(815 652)	15 578 148	13 902 626	(1 675 522)	48.1
Rental income	880 600	(34 400)	846 200	1 274 595	428 395	48.2
Agency services	100 300	-	100 300	83 646	(16 654)	48.3
Licences and permits	252 600	(119 900)	132 700	176 204	43 504	48.3
Other revenue	187 300	63 500	250 800	618 541	367 741	48.4
Interest received	723 200	186 000	909 200	1 346 300	437 100	48.5
<b>Total revenue from exchange transactions</b>	<b>18 537 800</b>	<b>(720 452)</b>	<b>17 817 348</b>	<b>17 401 912</b>	<b>(415 436)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	2 874 500	-	2 874 500	2 794 213	(80 287)	
----------------	-----------	---	-----------	-----------	----------	--

##### Transfer revenue

Government grants and subsidies	27 875 300	1 249 395	29 124 695	39 494 478	10 369 783	48.6
Fines, penalties and forfeits	3 305 300	(5 700)	3 299 600	28 432 776	25 133 176	48.7

<b>Total revenue from non-exchange transactions</b>	<b>34 055 100</b>	<b>1 243 695</b>	<b>35 298 795</b>	<b>70 721 467</b>	<b>35 422 672</b>	
---	-------------------	------------------	-------------------	-------------------	-------------------	--

<b>Total revenue</b>	<b>52 592 900</b>	<b>523 243</b>	<b>53 116 143</b>	<b>88 123 379</b>	<b>35 007 236</b>	
----------------------	-------------------	----------------	-------------------	-------------------	-------------------	--

#### Expenditure

Employee related costs	(13 718 100)	1 453	(13 716 647)	(12 861 255)	855 392	48.8
Remuneration of councillors	(2 515 900)	-	(2 515 900)	(2 412 029)	103 871	48.35
Depreciation and amortisation	(10 060 100)	1 140 530	(8 919 570)	(7 746 012)	1 173 558	48.9
Impairment loss / Reversal of impairments	-	-	-	(26 713)	(26 713)	48.10

Finance costs	-	-	-	(225 211)	(225 211)	48.11
---------------	---	---	---	-----------	-----------	-------

Operating lease rentals	(13 600)	-	(13 600)	(76 980)	(63 380)	48.21 & .34
-------------------------	----------	---	----------	----------	----------	-------------

Debt impairment	(200 800)	-	(200 800)	(19 976 306)	(19 775 506)	48.12
-----------------	-----------	---	-----------	--------------	--------------	-------

Collection costs	(14 600)	-	(14 600)	(187 844)	(173 244)	48.13
------------------	----------	---	----------	-----------	-----------	-------

Repairs and maintenance	(2 021 800)	(124 900)	(2 146 700)	(1 638 813)	507 887	48.14
-------------------------	-------------	-----------	-------------	-------------	---------	-------

Bulk purchases	(6 522 800)	(763 026)	(7 285 826)	(6 573 271)	712 555	48.15
----------------	-------------	-----------	-------------	-------------	---------	-------

Contracted services	(72 500)	-	(72 500)	(45 871)	26 629	48.16
---------------------	----------	---	----------	----------	--------	-------

Grants and subsidies paid	(2 445 500)	5 600	(2 439 900)	(1 245 778)	1 194 122	48.17
---------------------------	-------------	-------	-------------	-------------	-----------	-------

General Expenditure	(13 134 800)	(1 330 132)	(14 464 932)	(17 875 975)	(3 411 043)	48.18
---------------------	--------------	-------------	--------------	--------------	-------------	-------

<b>Total expenditure</b>	<b>(50 720 500)</b>	<b>(1 070 475)</b>	<b>(51 790 975)</b>	<b>(70 892 058)</b>	<b>(19 101 083)</b>	
--------------------------	---------------------	--------------------	---------------------	---------------------	---------------------	--

<b>Operating surplus</b>	<b>1 872 400</b>	<b>(547 232)</b>	<b>1 325 168</b>	<b>17 231 321</b>	<b>15 906 153</b>	
--------------------------	------------------	------------------	------------------	-------------------	-------------------	--

Loss on disposal of assets and liabilities	-	-	-	(9 727)	(9 727)	48.19
--	---	---	---	---------	---------	-------

<b>Surplus / (Deficit)</b>	<b>1 872 400</b>	<b>(547 232)</b>	<b>1 325 168</b>	<b>17 221 594</b>	<b>15 896 426</b>	
----------------------------	------------------	------------------	------------------	-------------------	-------------------	--



## Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 872 400	(547 232)	1 325 168	17 221 594	15 896 426	

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	1 203 000	-	1 203 000	5 312 811	4 109 811	48.20
Operating lease asset	-	-	-	6 676	6 676	48.21
Receivables from exchange transactions	1 592 000	-	1 592 000	1 432 862	(159 138)	48.22
Receivables from non-exchange transactions	2 763 000	-	2 763 000	5 323 318	2 560 318	48.23
Long-term receivables from exchange transactions	4 000	-	4 000	281	(3 719)	48.24
Vat receivables	-	-	-	2 333 392	2 333 392	48.25
Cash and cash equivalents	14 543 000	-	14 543 000	14 758 371	215 371	
	<b>20 105 000</b>	<b>-</b>	<b>20 105 000</b>	<b>29 167 711</b>	<b>9 062 711</b>	
<b>Non-Current Assets</b>						
Investment property	4 564 000	-	4 564 000	4 511 190	(52 810)	
Property, plant and equipment	145 105 000	-	145 105 000	161 434 891	16 329 891	48.26
Intangible assets	534 000	-	534 000	669 219	135 219	48.27
Heritage assets	43 000	-	43 000	43 354	354	
Operating lease asset	11 000	-	11 000	2 697	(8 303)	
	<b>150 257 000</b>	<b>-</b>	<b>150 257 000</b>	<b>166 661 351</b>	<b>16 404 351</b>	
<b>Total Assets</b>	<b>170 362 000</b>	<b>-</b>	<b>170 362 000</b>	<b>195 829 062</b>	<b>25 467 062</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	7 723 000	-	7 723 000	5 951 625	(1 771 375)	48.28
Consumer deposits	351 000	-	351 000	406 254	55 254	48.29
Employee benefit obligation	-	-	-	92 000	92 000	48.30
Unspent conditional grants and receipts	1 886 000	-	1 886 000	6 357 897	4 471 897	48.31
Provisions	371 000	-	371 000	417 533	46 533	48.33
	<b>10 331 000</b>	<b>-</b>	<b>10 331 000</b>	<b>13 225 309</b>	<b>2 894 309</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	4 589 000	-	4 589 000	3 785 000	(804 000)	48.32
Provisions	3 326 000	-	3 326 000	4 347 842	1 021 842	48.33
	<b>7 915 000</b>	<b>-</b>	<b>7 915 000</b>	<b>8 132 842</b>	<b>217 842</b>	
<b>Total Liabilities</b>	<b>18 246 000</b>	<b>-</b>	<b>18 246 000</b>	<b>21 358 151</b>	<b>3 112 151</b>	
<b>Net Assets</b>	<b>152 116 000</b>	<b>-</b>	<b>152 116 000</b>	<b>174 470 911</b>	<b>22 354 911</b>	

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	152 116 000	-	152 116 000	174 470 911	22 354 911	

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

##### Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

##### Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

##### Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 Provisions.

#### Useful lives of property, plant and equipment, investment property and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

#### Effective interest rate

The municipality uses the government bond rate to discount future cash flows.

#### Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Defined benefit plan and other long-term employee benefits

### 1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or
- administrative purposes; or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

Subsequent to initial measurement investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value, on a straight line basis over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	20-30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising from the derecognition of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Such a difference is recognised in surplus or deficit when the investment property is derecognised.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.3 Investment property (continued)

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	7 - 100 years
Furniture and fixtures	1 - 20 years

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.4 Property, plant and equipment (continued)

Motor vehicles	1 - 6 years
Community assets	15 - 100 years
Housing schemes	1 - 10 years
Refuse site	30 years
Infrastructure	
• Electricity supply	45 - 60 years
• Roads	7 - 100 years
• Sanitation and refuse	5 - 80 years
• Water supply	5 - 80 years
• Storm water	5 - 50 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate; unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit; unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.6 Intangible assets (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis to their estimated residual values as follows:

Item	Useful life
Computer software	3 - 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is derecognised.

### 1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.7 Heritage assets (continued)

#### Recognition

The municipality recognises a heritage asset as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value can be measured reliably.

Where the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 13 Heritage assets.

#### Initial measurement

Heritage assets are initially recognised cost.

Where a heritage asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

#### Subsequent measurement

Subsequent to initial measurement heritage assets are carried at cost less any accumulated impairment losses.

#### Impairment

The municipality assesses at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

Heritage assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such a difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Long-term receivables from exchange transactions	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Policies**

---

### **1.8 Financial instruments (continued)**

#### **Initial recognition**

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

#### **Initial measurement of financial assets and financial liabilities**

The municipality measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures all other financial assets and financial liabilities initially at fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.8 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.8 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### Derecognition

#### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

#### Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the municipality assesses the classification of each element separately.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Policies**

---

### **1.11 VAT**

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

### **1.12 Impairment of cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

#### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

#### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### **Recognition and measurement (Individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.12 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.12 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.13 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.13 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality will not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.14 Statutory receivables

Statutory receivables are receivables that:

- arise from legislation, supporting regulations, or similar means; and
- require settlement by another entity in cash or another financial asset.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.14 Statutory receivables (continued)

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
  - the definition of an asset is met; and
  - it is probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.

The municipality measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The municipality derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the receivable;
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.15 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.15 Employee benefits (continued)

#### Multi-employer plans

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.15 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises, because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.15 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Policies**

---

### **1.15 Employee benefits (continued)**

#### **Long-term service awards**

The municipality has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

The municipality's liability is based on the employee's rendering their services and is based on management's best estimate of the possible outflow of economic benefits.

#### **Termination benefits**

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

### **1.16 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.16 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.16 Provisions and contingencies (continued)

#### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on municipalities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards; and
- fines or other penalties that are imposed for breaches of the legislation.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy, but does not yet have a present obligation to pay that levy.

### 1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.18 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

#### Interest

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.19 Revenue from non-exchange transactions (continued)

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by debtors.

Where the municipality collects fines in the capacity of an agent, the fines will not be revenue of the municipality.

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Policies**

---

### **1.19 Revenue from non-exchange transactions (continued)**

#### **Collection charges and penalties**

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

#### **Services in-kind**

Services in-kind are not recognised.

#### **Concessionary loans received**

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue, is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exists in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

### **1.20 Accumulated surplus**

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited /credited against accumulated surplus where retrospective adjustment are made.

#### **Capital Replacement Reserve**

The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instruments. The Capital Replacement Reserve is ring-fenced and included within accumulated surplus.

#### **Donations and Public Contributions**

The Donations and Public Contributions Reserve is a reserve to finance only certain approved future expenditure and is fully invested in ring-fenced financial instruments. The Donations and Public Contributions Reserve is ring-fenced and included within accumulated surplus.

#### **Housing Development Fund:**

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into effect on 1 April 1998, required that the municipality maintain a separate housing operation account. This legislated separate operating account is known as the housing development fund and is ring fenced within the accumulated surplus.

The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies standing to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the housing development fund:

- the housing development fund is cash-backed, and invested in accordance with the investment policy of the municipality;
- the proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements;
- any contributions to or withdrawals from the fund are shown as transfers within accumulated surplus in the statement of changes in net assets; and

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

---

### 1.20 Accumulated surplus (continued)

- interest earned on the investment of the fund is disclosed as interest received in the statement of financial performance.

### 1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note for detail.

### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.25 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which are disclosed in note 39.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Accounting Policies**

---

### **1.26 Grants in aid**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

### **1.27 Budget information**

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

### **1.28 Related parties**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### **1.29 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### **GRAP 5 (revised 2013): Borrowing Costs**

Benchmark treatment is to recognise borrowing costs as an expense. All other instances, expense borrowing costs. All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

##### **GRAP 100 (revised 2013): Discontinued Operations**

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:

- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.
- Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively

The effective date of the amendment is for years beginning on or after 01 April 2014.

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

##### **GRAP 18: Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

##### **GRAP 105: Transfers of Functions Between Entities Under Common Control**

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### **GRAP 106: Transfers of Functions Between Entities not Under Common Control**

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### **GRAP 107: Mergers**

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2015.



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The municipality (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the reporting entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- control;

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

### IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

### IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venture and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality expects to adopt the interpretation for the first time in the 2016 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

### GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

### GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

#### GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

#### GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector party. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### GRAP 108: Statutory Receivables

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.

The impact of this standard is currently being assessed.

### IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

### Directive 11: Changes in Measurement Bases Following the Initial Adoption of Standards of GRAP

The objective of this directive is to permit the municipality to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

# **Laingsburg Local Municipality**

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## **Notes to the Annual Financial Statements**

---

### **2. New standards and interpretations (continued)**

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this directive allows the municipality, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the municipality elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the municipality made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this directive, the municipality will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the directive is for years beginning on or after 01 April 2015.

The municipality expects to adopt the directive for the first time in the 2016 annual financial statements.

The impact of this standard is currently being assessed.

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality expects to adopt the amendment for the first time in the 2014 annual financial statements.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	2 050	2 050
Bank balances	6 595 766	543 890
Current investment deposits	8 160 555	7 771 231
	<b>14 758 371</b>	<b>8 317 171</b>

For the purpose of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand.

Call deposits are investments with a maturity period of less than three months and earn interest at rates varying from 4-6 % per annum.

Deposits of R 2 261 681 R (2014: R2 261 681) are ring fenced and attributable to the Capital Replacement Reserve. (Note .15)

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA Laingsburg - Current Account - 25040140874	6 744 322	576 646	494 014	6 595 766	543 889	531 148
ABSA Laingsburg - Call Account - 5064314329	3 395 626	3 248 935	3 119 151	3 395 626	3 248 935	3 119 151
Standard Bank - Money Market - 288704800	4 764 928	4 522 297	4 302 249	4 764 929	4 522 297	4 302 249
<b>Total</b>	<b>14 904 876</b>	<b>8 347 878</b>	<b>7 915 414</b>	<b>14 756 321</b>	<b>8 315 121</b>	<b>7 952 548</b>

### 4. Receivables from exchange transactions

#### Gross balances

Electricity	993 089	785 508
Water	1 045 678	829 049
Sewerage	1 069 112	1 044 004
Refuse	681 681	596 855
Housing rental	365 298	281 252
	<b>4 154 858</b>	<b>3 536 668</b>

#### Less: Allowance for impairment

Electricity	(318 117)	(190 443)
Water	(815 762)	(599 292)
Sewerage	(841 063)	(780 070)
Refuse	(498 587)	(427 279)
Housing rental	(248 469)	(176 879)
	<b>(2 721 998)</b>	<b>(2 173 963)</b>

#### Net balance

Electricity	674 972	595 065
Water	229 917	229 757
Sewerage	228 050	263 934
Refuse	183 094	169 576
Housing rental	116 828	104 373
	<b>1 432 861</b>	<b>1 362 705</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>4. Receivables from exchange transactions (continued)</b>		
<b>Electricity</b>		
Current (0 -30 days)	582 216	483 046
31 - 60 days	41 994	20 072
61 - 90 days	18 111	27 443
91 - 120 days	24 443	38 509
>120 days	326 325	216 439
Less: Allowance for impairment	(318 117)	(190 443)
	<b>674 972</b>	<b>595 066</b>
<b>Water</b>		
Current (0 -30 days)	97 570	103 750
31 - 60 days	37 011	25 704
61 - 90 days	34 573	26 417
91 - 120 days	32 959	23 381
>120 days	843 566	649 798
Less: Allowance for impairment	(815 762)	(599 292)
	<b>229 917</b>	<b>229 758</b>
<b>Sewerage</b>		
Current (0 -30 days)	96 470	77 188
31 - 60 days	36 087	35 165
61 - 90 days	34 186	35 750
91 - 120 days	33 308	34 052
>120 days	869 062	861 849
Less: Allowance for impairment	(841 063)	(780 070)
	<b>228 050</b>	<b>263 934</b>
<b>Refuse</b>		
Current (0 -30 days)	88 582	91 815
31 - 60 days	27 693	17 319
61 - 90 days	26 910	20 409
91 - 120 days	25 242	19 979
>120 days	513 254	447 333
Less: Allowance for impairment	(498 587)	(427 279)
	<b>183 094</b>	<b>169 576</b>
<b>Housing rental</b>		
Current (0 -30 days)	48 570	45 769
31 - 60 days	13 158	12 445
61 - 90 days	11 895	16 775
91 - 120 days	22 938	12 576
>120 days	268 736	193 687
Less: Allowance for impairment	(248 469)	(176 879)
	<b>116 828</b>	<b>104 373</b>



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>4. Receivables from exchange transactions (continued)</b>		
<b>Summary of receivables by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	350 699	359 283
31 - 60 days	105 467	80 956
61 - 90 days	99 049	99 937
91 - 120 days	106 040	87 806
>120 days	2 419 733	1 953 806
Less: Allowance for impairment	(2 356 444)	(1 856 481)
	<b>724 544</b>	<b>725 307</b>
<b>Businesses</b>		
Current (0 -30 days)	442 888	386 708
31 - 60 days	5 789	18 714
61 - 90 days	12 812	19 203
91 - 120 days	14 508	8 119
>120 days	54 848	203 683
Less: Allowance for impairment	(42 498)	(174 070)
	<b>488 347</b>	<b>462 357</b>
<b>Industry</b>		
Current (0 -30 days)	1 662	18 198
31 - 60 days	-	2 103
	<b>1 662</b>	<b>20 301</b>
<b>Municipal</b>		
Current (0 -30 days)	1 200	-
>120	144	144
Less: Allowance for impairment	(144)	(144)
	<b>1 200</b>	<b>-</b>
<b>Government</b>		
Current (0 -30 days)	46 737	24 924
31 - 60 days	28 348	8 860
61 - 90 days	12 202	4 111
91 - 120 days	16 468	30 549
> 120 days	304 707	185 718
Less: Allowances for impairment	(282 925)	(121 524)
	<b>125 537</b>	<b>132 638</b>
<b>Institutions</b>		
Current (0 -30 days)	60 639	89
31 - 60 days	11 794	89
61 - 90 days	89	89
91 - 120 days	89	89
>120 days	7 455	4 387
Less: Allowance for impairments	(6 277)	(4 209)
	<b>73 789</b>	<b>534</b>
<b>Churches</b>		
Current (0 -30 days)	8 771	8 997
31 - 60 days	1 318	1 977

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>4. Receivables from exchange transactions (continued)</b>		
61 - 90 days	1 318	1 321
91 - 120 days	1 318	1 321
>120 days	28 477	12 697
Less: Allowance for impairments	(25 842)	(10 030)
	<b>15 360</b>	<b>16 283</b>
<b>Municipal Officials</b>		
Current (0 -30 days)	386	280
31 - 60 days	109	280
61 - 90 days	421	280
91 - 120 days	421	280
>120 days	4 885	8 159
Less: Allowance for impairments	(4 238)	(7 504)
	<b>1 984</b>	<b>1 775</b>
<b>Councillors</b>		
Current (0 -30 days)	-	3 097
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	1 124	-
>120 days	2 517	-
Less: Allowance for impairments	(3 641)	-
	<b>-</b>	<b>3 097</b>
<b>Vacant Land</b>		
Current (0 -30 days)	426	412
Less: Allowance for impairments	-	-
	<b>426</b>	<b>412</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(2 173 962)	(1 764 150)
Contributions to allowance	(548 035)	(409 812)
	<b>(2 721 997)</b>	<b>(2 173 962)</b>

### Impairment of fines

Impairment of fines is based on a percentage of the amounts that were recovered in the prior financial year in relation to the fines that were issued.

### Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

### Receivables from exchange transactions past due but not impaired

At 30 June 2015: R 541 843 (2014: R 497 320) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	136 340	93 390
2 months past due	106 426	108 855
3 months past due	299 076	294 535

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>4. Receivables from exchange transactions (continued)</b>		
<b>Receivables from exchange transactions impaired</b>		
As of 30 June 2015, receivables from exchange transactions of R548 035 (2014: R 409 812) were impaired and provided for.		
The amount of the allowance was R2 721 997 at 30 June 2015 2014: R 2 173 962).		
The ageing of these receivables is as follows:		
3 to 6 months	120 097	63 040
Over 6 months	2 601 900	2 110 922
<b>5. Receivables from non-exchange transactions</b>		
Fines	35 759 747	13 419 520
Government grants and subsidies	-	507 762
Assessment rates	2 743 242	2 621 830
Sundry deposits	45 385	45 385
Sundry receivables	170 577	258 396
Consumer debtors	115	-
Less: Allowance for impairment	(33 395 748)	(13 879 387)
	<b>5 323 318</b>	<b>2 973 506</b>
<b>Assessment rates: Gross balance</b>		
Current	88 089	6 922
31 - 60 days	29 088	19 638
61 - 90 days	34 035	18 150
91 - 120 days	25 812	17 709
> 120 days	2 566 218	2 559 411
	<b>2 743 242</b>	<b>2 621 830</b>
<b>Assessment rates: Allowance for impairment</b>		
Current	(9 210)	(353)
31 - 60 days	(4 672)	(3 776)
61 - 90 days	(4 417)	(3 460)
91 - 120 days	(4 052)	(3 366)
> 120 days	(2 525 585)	(2 520 143)
	<b>(2 547 936)</b>	<b>(2 531 098)</b>
<b>Assessment rates: Net balance</b>		
Current	78 879	6 568
31 - 60 days	24 416	15 862
61 - 90 days	29 618	14 691
91 - 120 days	21 760	14 343
> 120 days	40 633	39 268
	<b>195 306</b>	<b>90 732</b>
<b>Fines: Gross balance</b>		
Total fines debtors	35 759 747	13 419 520
<b>Fines: Allowance for impairment</b>		
Total Allowance for impairment on fines	(30 847 811)	(11 348 289)

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 5. Receivables from non-exchange transactions (continued)

#### Fines: Net balance

Total net fine debtors	4 911 935	2 071 231
------------------------	-----------	-----------

#### Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

#### Receivables from non-exchange transactions past due but not impaired: Property rates

At 30 June 2015, receivables from non-exchange transactions of R 13 039 (2014: R 8 930) were past due but not considered to be impaired.

The ageing of amounts past due but not impaired are as follows:

1 month past due	3 276	3 255
2 month past due	8 053	2 145
3 month past due	1 710	3 530
	<u>13 039</u>	<u>8 930</u>

#### Receivables from non-exchange transactions impaired: Property rates

The amount of the allowance for impairment was R 2 547 936 as of 30 June 2015 (2014: R 2 531 098).

The ageing of these receivables are as follows:

0 to 3 months	22 351	7 589
3 to 6 months	31 716	9 875
Over 6 months	2 493 869	2 513 634
	<u>2 547 936</u>	<u>2 531 098</u>

#### Reconciliation of allowance for impairment of receivables from non-exchange transactions

Opening balance	(13 879 386)	(2 002 544)
Impairment allowance - Assessment rates	(16 838)	(528 554)
Impairment allowance - Fines	(19 499 522)	(11 348 288)
	<u>(33 395 746)</u>	<u>(13 879 386)</u>

### 6. VAT receivable

VAT receivable	2 333 395	353 425
----------------	-----------	---------

The municipality is registered for VAT on the payments basis.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>7. Operating lease asset</b>		
Opening balance	2 697	9 373
Operating lease receipts effected	6 676	2 501
	<b>9 373</b>	<b>11 874</b>
<b>Operating lease as lessor</b>		
<b>Minimum lease payments receivable</b>		
within one year	87 681	83 506
in second to fifth year inclusive	29 698	117 379
	<b>117 379</b>	<b>200 885</b>

The operating lease on the Southkloof farm was extended on 1 November 2011 for another 5 years. No restrictions have been imposed by the municipality in terms of the operating lease agreements.

The rent escalates with 5% per annum on 1 November.

The rent is receivable in advance each year on 1 November for the following 12 months.

### 8. Inventories

Building materials	124 308	328 501
Electric cable	223 399	243 700
Consumable stock	454 411	548 785
Pre-paid electricity meters	66 402	71 489
Pre-paid water meters	316 142	371 371
Water	13 723	19 703
RDP houses	4 114 426	4 114 426
	<b>5 312 811</b>	<b>5 697 975</b>

### Inventory pledged as security

No inventory was pledged as security.

### 9. Current portion of long-term receivables from exchange transactions

#### Housing - Self build

Housing - Self build	11 872	123 045
Less: Allowance for impairment	(11 591)	(118 825)
Current portion transferred to current liabilities	(281)	(4 220)
	<b>-</b>	<b>-</b>

As from 1 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>9. Current portion of long-term receivables from exchange transactions (continued)</b>		
<b>Housing - Self build: Gross balances</b>		
Current	276	1 273
31 - 60 days	79	978
61 - 90 days	79	884
91 - 120 days	219	911
> 120 days	11 219	119 000
	<b>11 872</b>	<b>123 046</b>
<b>Housing - Self build: Allowance for impairment</b>		
Current	(135)	(376)
31 - 60 days	(79)	(244)
61 - 90 days	(79)	(265)
91 - 120 days	(79)	(320)
> 120 days	(11 219)	(117 620)
	<b>(11 591)</b>	<b>(118 825)</b>
<b>Housing - Self build: Net balances</b>		
Current	140	896
31 - 60 days	-	734
61 - 90 days	-	619
91 - 120 days	141	591
> 120 days	-	1 381
	<b>281</b>	<b>4 221</b>
<b>Reconciliation of allowance for impairment of long-term receivables from exchange transactions</b>		
Opening balance	(118 825)	(108 844)
Impairment - current year	-	(9 981)
Written off during year	107 234	-
	<b>(11 591)</b>	<b>(118 825)</b>

## 10. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	9 403 401	(4 892 211)	4 511 190	9 379 080	(4 938 667)	4 440 413

### Reconciliation of investment property - 2015

	Opening balance	Additions	Transfers	Depreciation	Total
Land and buildings	4 440 413	210 821	(17 959)	(122 085)	4 511 190

### Reconciliation of investment property - 2014

	Opening balance	Depreciation	Total
Land and buildings	4 563 880	(123 467)	4 440 413

## Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

### Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>10. Investment property (continued)</b>		
<b>Details of investment property</b>		
None if the above investment property have been pledged as security.		
- Land	4 033 901	3 823 080
- Buildings	5 369 500	5 556 000
- Accumulated depreciation on buildings	(4 892 211)	(4 938 667)
<b>Other disclosures</b>		
Rental revenue from investment property	964 214	734 594
Direct operating expenses - incurred to generate rental revenue	(197 505)	(174 577)
	<u>766 709</u>	<u>560 017</u>

All of the municipality's investment properties are held under freehold interest.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Laingsburg Local Municipality

(Registration number WC051)  
Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	37 843 716	-	37 843 716	37 702 716	-	37 702 716
Buildings	9 513 275	(6 878 499)	2 634 776	9 326 775	(6 468 945)	2 857 830
Furniture and equipment	3 777 825	(2 756 339)	1 021 486	3 496 717	(2 537 402)	959 315
Motor vehicles	3 754 924	(2 835 708)	919 216	3 754 924	(2 397 021)	1 357 903
Infrastructure	174 239 090	(95 193 978)	79 045 112	174 115 770	(89 584 923)	84 530 847
Community	19 793 014	(12 592 838)	7 200 176	19 474 569	(12 064 320)	7 410 249
Refuse site	5 184 068	(962 342)	4 221 726	3 997 082	(757 213)	3 239 869
Assets under construction	27 809 808	-	27 809 808	8 630 661	-	8 630 661
Housing schemes	2 955 500	(2 216 625)	738 875	2 955 500	(2 068 850)	886 650
<b>Total</b>	<b>284 871 220</b>	<b>(123 436 329)</b>	<b>161 434 891</b>	<b>263 454 714</b>	<b>(115 878 674)</b>	<b>147 576 040</b>



# Laingsburg Local Municipality

(Registration number WC051)  
Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	37 702 716	141 000	-	-	-	-	-	37 843 716
Buildings	2 857 830	186 500	-	-	(168 541)	(241 013)	-	2 634 776
Furniture and equipment	959 315	349 234	(5 635)	-	-	(280 113)	(1 315)	1 021 486
Motor vehicles	1 357 903	-	-	-	-	(438 687)	-	919 216
Infrastructure	84 530 847	68 090	-	55 230	-	(5 583 658)	(25 398)	79 045 111
Community	7 410 250	-	-	318 450	-	(528 524)	-	7 200 176
Refuse site	3 239 870	-	-	-	1 186 986	(205 130)	-	4 221 726
Assets under construction	8 630 661	19 497 597	-	(318 450)	-	-	-	27 809 808
Housing schemes	886 650	-	-	-	-	(147 775)	-	738 875
	<b>147 576 042</b>	<b>20 242 421</b>	<b>(5 635)</b>	<b>55 230</b>	<b>1 018 445</b>	<b>(7 424 900)</b>	<b>(26 713)</b>	<b>161 434 890</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	37 688 016	-	-	-	14 700	-	-	37 702 716
Buildings	3 138 143	-	-	-	-	(280 313)	-	2 857 830
Furniture and equipment	1 021 851	225 486	-	-	-	(288 022)	-	959 315
Motor vehicles	1 803 146	-	-	-	-	(445 243)	-	1 357 903
Infrastructure	78 030 374	-	(43 561)	12 276 416	-	(5 586 675)	(145 707)	84 530 847
Community	7 941 929	-	-	-	-	(531 679)	-	7 410 250
Refuse site	3 897 465	-	-	-	(452 465)	(205 130)	-	3 239 870
Assets under construction	11 310 848	9 997 832	(16 900)	(12 276 416)	(384 703)	-	-	8 630 661
Housing schemes	1 034 425	-	-	-	-	(147 775)	-	886 650
	<b>145 866 197</b>	<b>10 223 318</b>	<b>(60 461)</b>	<b>-</b>	<b>(822 468)</b>	<b>(7 484 837)</b>	<b>(145 707)</b>	<b>147 576 042</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>11. Property, plant and equipment (continued)</b>		
<b>Pledged as security</b>		
None of the above property, plant and equipment have been pledged as security.		
<b>Details on other movements</b>		
Assets received as donation	-	14 700
Change in environmental rehabilitation provision asset	1 090 000	(452 465)
Water meters transferred to inventory (Note 11)	-	(384 703)
	<u>1 090 000</u>	<u>(822 468)</u>
<b>Other information</b>		
<b>Property, plant and equipment fully depreciated and still in use (Gross carrying amount)</b>		
Buildings	472 330	20 800
Furniture and Equipment	1 505 281	1 514 523
Motor vehicles	30 334	30 334
Infrastructure	6 220 528	1 656 326
Community	146 082	146 082
	<u>8 374 555</u>	<u>3 368 065</u>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 12. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 420 085	(750 865)	669 220	895 195	(551 838)	343 357

#### Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	343 357	524 889	(199 027)	669 219

#### Reconciliation of Intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software	534 296	(190 939)	343 357

#### Pledged as security

None of the above intangible assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Register available for inspection

### 13. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Public statues	43 354	-	43 354	43 354	-	43 354

#### Reconciliation of heritage assets 2015

	Opening balance	Total
Public statues	43 354	43 354

#### Reconciliation of heritage assets 2014

	Opening balance	Total
Public statues	43 354	43 354

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 13. Heritage assets (continued)

#### Pledged as security

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 14. Employee benefit obligations

#### Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The plan is a post employment medical benefit plan.

#### Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
  - (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
  - (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.
- It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 14. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	(3 877 000)	(3 901 000)
Non-current liabilities	(3 785 000)	(3 820 000)
Current liabilities	(92 000)	(81 000)
	<b>(3 877 000)</b>	<b>(3 901 000)</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3 901 000	5 212 000
Net expense recognised in the statement of financial performance	(24 000)	(1 311 000)
	<b>3 877 000</b>	<b>3 901 000</b>

Net expense of the defined benefit obligation recognised in the statement of financial performance

Current service cost	329 000	189 000
Interest cost	360 000	510 000
Actuarial (gains) losses	(661 357)	(1 959 328)
Benefits paid	(51 643)	(50 672)
	<b>(24 000)</b>	<b>(1 311 000)</b>

### Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	Yield curve	8,94 %
Expected increase in salaries	8,60 %	8,60 %
Health care cost inflation rate	Difference between nominal and yield curves	8,05 %
Expected increase in salaries	8,6	8,60 %
Consumer price inflation	CPI + 1%	7,05 %
Net effective discount rate	Yield curve	0,82 %

Changes in economic variables – In this year's valuation we used the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. As a result the interest rates, bond yields and inflation figures changed significantly. This resulted in a higher net effective discount rate and hence an overall decrease in the liability of around R 8,000.

Changes in membership and other smaller assumptions – There were various changes in the membership between the two valuations. The net effect of these and other smaller changes in assumptions was a decrease in the liability of around R 630,000.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 14. Employee benefit obligations (continued)

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	(106 000)	(102 000)
Effect on defined benefit obligation	(549 000)	(577 000)

Amounts for the current and previous five years are as follows:

	2015	2014	2013	2012	2011
Defined benefit obligation	3 877 000	3 901 000	5 212 000	4 402 000	4 023 000

### 15. Reserves

#### Capital Replacement Reserve

This reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instruments. The Capital Replacement Reserve is included in accumulated surplus as required by GRAP 1.89.

#### Donations and Public Contributions Reserve

This reserve is a reserve to finance only certain approved future expenditure and is fully invested in ring-fenced financial instruments. The Capital Replacement Reserve is included in accumulated surplus as required by GRAP 1.89.

Capital replacement reserve	2 255 048	2 261 681
Donations and public contributions reserve	32 994 672	32 994 672
	<u>35 249 720</u>	<u>35 256 353</u>

### 16. Housing development fund

Loans extinguished by Government on 1 April 1998	<u>1 680 451</u>	<u>1 680 451</u>
--	------------------	------------------

The housing development fund is represented by the following assets and liabilities

Revaluation of assets	<u>1 680 451</u>	<u>1 680 451</u>
-----------------------	------------------	------------------

The Housing Development Fund has its origin from loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the housing development fund are used only for the funding of housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>17. Payables from exchange transactions</b>		
Trade payables	3 210 677	1 783 275
Payments received in advanced	320 311	26 938
Salary related amounts accrued	758 935	203 582
Accrued leave pay	849 567	621 096
Unpaid wages	451	-
Deposits received	68 185	61 931
Receivables in credit	415 661	300 624
Thirteenth cheque	327 839	284 570
	<b>5 951 626</b>	<b>3 282 016</b>

### 18. Consumer deposits

Electricity	174 450	167 167
Water	231 805	228 338
	<b>406 255</b>	<b>395 505</b>

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

### 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Department of Sport and Recreation: Kick-about	297 761	-
Human settlements development Grant	856 626	-
Provincial: Financial Management Support Grant	182 792	207 536
Provincial: Municipal Finance Improvement Program	-	796 437
Integrated national electrification programme (Municipal Grant)	463 859	-
Provincial: Department Transport	-	190 588
Flood damage	3 786 730	-
Matjiesfontein UISP	-	574 848
Department Environmental Affairs and Tourism	82 106	82 107
Management Support Grant	-	500 000
Department of Water Affairs (DWA)	575 883	575 883
Local Government: Local Municipalities	112 140	112 140
<b>Unspent conditional grants and receipts</b>	<b>6 357 897</b>	<b>3 039 539</b>

### Movement during the year

Balance at the beginning of the year	3 039 538	3 228 083
Additions during the year	42 946 913	28 977 082
Income recognition during the year	(39 628 554)	(29 259 698)
Amounts transferred to receivables from non-exchange transactions	-	94 072
	<b>6 357 897</b>	<b>3 039 539</b>

See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

# Laingsburg Local Municipality

(Registration number WC051)  
Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

### 20. Provisions

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation - landfill sites	2 762 621	96 986	-	1 090 000	223 772	4 173 379
Insurance Workman's Compensation Act	194 631	96 450	-	-	-	291 081
Long service awards	299 410	33 792	(32 288)	-	-	300 914
	<b>3 256 662</b>	<b>227 228</b>	<b>(32 288)</b>	<b>1 090 000</b>	<b>223 772</b>	<b>4 765 374</b>

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation - Landfill sites	3 021 697	-	-	(452 465)	193 389	2 762 621
Performance bonuses	116 342	30 382	(146 724)	-	-	-
Insurance Workman's Compensation Act	121 180	73 451	-	-	-	194 631
Long service awards	251 805	77 266	(29 661)	-	-	299 410
	<b>3 511 024</b>	<b>181 099</b>	<b>(176 385)</b>	<b>(452 465)</b>	<b>193 389</b>	<b>3 256 662</b>

Non-current liabilities  
Current liabilities

4 347 842	3 051 584
417 533	205 078
<b>4 765 375</b>	<b>3 256 662</b>

#### Environmental rehabilitation provision - Landfill sites

At 30 June 2015 the municipality will incur estimated rehabilitation costs of R4 173 379 (2014: R2 762 621) to restore the landfill site at the end of its useful life, estimated to be 18 years. The amount of rehabilitation is dependent on future costs, technology, inflation and site consumption. The discount rate of the provision was 3.7% (2014: 8.1%).

The financial implications of rehabilitating the landfill site was determined by the independent valuator, Ekolaw Consulting.



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 20. Provisions (continued)

#### Performance bonuses

Performance bonuses are paid based on the individual performance as determined by the assessment of key performance indicators, per the performance management system of the municipality. No additional provision was raised during the year as the performance management system of the municipality does not make provision for performance bonuses any longer. These are now included in the annual package of the respective officials.

#### Insurance Workman's Compensation Act

The provision for WCA insurance is made in terms of the Workman's Compensation Act. This amount is payable upon and based on assessment by the Workman's Compensation Commissioner.

The provision is based on the returns submitted to the Compensation Commissioner.

#### Long service awards

A long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a retirement gift is payable on retirement to employees with service of 10 years or more. The provision is an estimate of the long service awards based on historical staff turnover, taking into account management's estimate of the likelihood that staff may leave before long service awards become due. No other long service benefits are provided to employees.

### 21. Service charges

Sale of electricity	9 471 183	9 019 627
Sale of water	2 361 213	1 934 029
Sewerage and sanitation charges	1 902 352	1 744 725
Refuse removal	1 729 072	1 643 170
Revenue foregone	(1 614 023)	(1 276 094)
Cemetery and encroachment fees	52 829	44 170
	<u>13 902 626</u>	<u>13 109 627</u>

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

#### Water Losses

Laingsburg Municipality experiences major problems with water losses which originated from the floods in 1981. Laingsburg experienced an average water loss of R 1 216 975 (51.54%) for the 2014/2015 financial period (2014: R992 521 (52.78%)). An investigation was done to try to find the cause of these water losses. The investigation could not identify the cause of the losses. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year and more funds were allocated for further studies in the 2010/2011 financial year as well as the 2011/2012 financial year. The municipality is in the process of installing water meters to accurately calculate water losses. Potential losses could not be calculated.

During the 2013/2014 financial year a main water supply pipe was damaged in the flooding of the Buffels-, Wilgerhout- and Baviaans Rivers on 8 January 2014, contributing to the water losses for the year.

#### Electricity losses

Laingsburg experienced an average electricity loss of R 849 610 (8.39%) for the 2014/2015 financial period (2014: R648 189 (9.75%)). The loss can be ascribed to the fact that streets lights, municipal offices and some outer municipal electricity users are not metered. This will be investigated and corrected as soon as possible.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>22. Interest received</b>		
Current investment deposits	389 323	334 847
Current account	466 539	222 042
Interest charged on receivables from exchange transactions	244 891	236 131
Interest charged on receivables from non-exchange transactions	245 547	172 744
	<b>1 346 300</b>	<b>965 764</b>
<b>23. Rental of facilities and equipment</b>		
<b>Premises</b>		
Operating lease rental revenue Southkloof	81 005	81 005
Rental revenue from buildings	961 714	949 335
Rental revenue from land	2 500	2 600
	<b>1 045 219</b>	<b>1 032 940</b>
<b>Facilities and equipment</b>		
Rental revenue from cutlery	624	2 244
Rental revenue from machinery and equipment	107 474	-
Rental revenue from houses	30 535	28 430
Rental revenue from hawkers	12 965	16 981
Rental revenue sundry	77 778	39 937
	<b>229 376</b>	<b>87 592</b>
	<b>1 274 595</b>	<b>1 120 532</b>

Rental revenue earned on facilities and equipment is in respect of non-financial assets rented out.

Sundry rental revenue consists of the following:

- Rental received from the IEC for the rental of the voting offices;
- Rental received from Allpay for the rental of the Matjiesfontein hall for the purposes of paying out social pension;
- Rental received from Provincial Western Cape for the rental of the Thusong Centre.

The operating lease of the Southkloof farm is between the municipality and the Van Der Vyver Trust. The lease agreement is for the period from 1 November 2011 to 31 October 2016. The operating lease rental revenue on the Southkloof farm is straightlined over the period of the lease. For lease commitments disclosure refer to note 7.

### 24. Other income

Building plan and rezoning application fees	6 200	30 807
Donations	128 124	126 017
Fire brigade availability	-	30 732
Pest Control	611	708
Sales - Sand and stone	19 457	17 693
Sundry income	98 541	35 668
Valuation certification	6 267	4 832
Other sales	2 367	2 925
Sundry income	5 153	-
Investment property donated to the municipality	351 821	-
	<b>618 541</b>	<b>249 382</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>25. Property rates</b>		
<b>Rates revenue</b>		
Laingsburg	2 455 081	2 117 817
Agriculture	4 826 700	4 458 465
Less: Revenue forgone	(4 487 568)	(3 961 692)
	<b>2 794 213</b>	<b>2 614 590</b>
<b>Valuations</b>		
Laingsburg	267 657 500	264 392 700
Agriculture	621 373 400	612 769 600
	<b>889 030 900</b>	<b>877 162 300</b>
<b>26. Government grants and subsidies</b>		
Equitable share	10 908 000	10 224 000
Municipal Infrastructure Grant (MIG)	8 523 000	9 152 000
Financial Management Grant (FMG)	1 700 000	1 500 000
Municipal Systems Improvement Grant (MSIG)	934 000	890 000
Expanded Public Works Program: Operating	1 013 000	1 000 000
Department of Sport & Recreation ("Kick-about")	854 437	1 022 877
Human Settlements Development Grant	8 066 833	-
Community Workers Development	69 952	77 706
Provincial Library Services	907 000	763 000
Provincial: Financial Management Support Grant	374 744	192 464
Provincial: Municipal Finance Improvement Program	896 437	62 811
Maintenance of Proclaimed Roads	9 768	17 280
Integrated national electrification programme (Municipal Grant)	2 536 141	-
Provincial: Department of Transport	190 588	79 562
Flood Damage Grant	1 396 270	-
Matjiesfontein UISP	574 848	3 010 831
Provincial: Sub-Seta	39 459	24 606
Management Support Grant	500 000	-
Shared services: Legal services	-	250 000
Shared services: Internal audit	-	150 000
Organisational Development Grant	-	500 000
Nelson Mandela Memorial Service	-	100 000
Thusong submission	-	218 000
Dept Environmental Affairs and Tourism	-	24 560
	<b>39 494 477</b>	<b>29 259 697</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.

All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing, towards the consumer account. The subsidy is determined annually by Council. All consumers also receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

## Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

### Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Municipal Infrastructure Grant (MIG)</b>		
Current-year receipts	8 523 000	9 152 000
Conditions met - transferred to revenue: capital expenditure	(8 523 000)	(9 152 000)
	-	-

The Municipal Infrastructure Grant (MIG) is allocated to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

#### Financial Management Grant (FMG)

Current-year receipts	1 700 000	1 500 000
Conditions met - transferred to revenue: operating expenditure	(1 700 000)	(1 500 000)
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Program (e.g. salary costs of the Financial Management Interns).

#### Municipal Systems Improvement Grant

Current-year receipts	934 000	890 000
Conditions met - transferred to revenue: operating expenditure	(884 938)	(839 228)
Conditions met - transferred to revenue : capital expenditure	(49 062)	(50 772)
	-	-

The Municipal Systems Improvement Grant (MSIG) is allocated to assist municipalities to build in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation, policies and the local government turnaround strategy.

#### Expanded Public Works Program

Current-year receipts	1 013 000	1 000 000
Conditions met - transferred to revenue: operating expenditure	(1 006 991)	(1 000 000)
Conditions met - transferred to revenue : capital expenditure	(6 009)	-
	-	-

The Expanded Public Works Program (EPWP) grant is received to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- road maintenance and the maintenance of buildings
- low traffic volume roads and rural roads
- basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure)
- other economic and social infrastructure.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Department of Sport &amp; Recreation (Kick-about's")</b>		
Current-year receipts	1 152 198	888 800
Conditions met - transferred to revenue: operating expenditure	(854 437)	(1 022 877)
Expenditure transferred to receivables from non-exchange transaction	-	134 077
	<u>297 761</u>	<u>-</u>

Conditions still to be met remain liabilities (see note19).

The "kick - about" is part of the youth development against violence through sport programme with the purpose of using sport, specifically football, as a catalyst for transmitting life skills to children and youth in order to reduce violence and social skills.

The project is for the construction of a kick-about facility as well as to provide basic football equipment to children in poor rural areas.

### Human Settlements Development Grant

Current-year receipts	8 923 458	-
Conditions met - transferred to revenue: operating expenditure	(8 066 833)	-
	<u>856 625</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 19).

The creation of sustainable human settlements that enables an improved quality of household life.

The facilitation and provision of basic infrastructure, top structures and basic social and economic amenities that contribute to the establishment of sustainable human settlements.

### Community Workers Development

Balance unspent at beginning of year	-	1 106
Current-year receipts	69 952	76 600
Conditions met - transferred to revenue: operating expenditure	(69 952)	(77 706)
	<u>-</u>	<u>-</u>

The grant is received to provide financial assistance to municipalities to cover the operational costs pertaining to the line functions of the community development workers including regional coordinators.

### Provincial Library Services

Current-year receipts	907 000	763 000
Conditions met - transferred to revenue: operating expenditure	(871 680)	(662 620)
Conditions met - transferred to revenue : capital expenditure	(35 320)	(100 380)
	<u>-</u>	<u>-</u>

This grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised program at provincial level in support of local government and national initiatives.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 26. Government grants and subsidies (continued)

#### Provincial: Financial Management Support Grant

Balance unspent at beginning of year	207 536	-
Current-year receipts	350 000	400 000
Conditions met - transferred to revenue: operating expenditure	(374 744)	(192 464)
	<u>182 792</u>	<u>207 536</u>

Conditions still to be met - remain liabilities (see note 19).

The grant is received to provide financial assistance to Municipalities to improve overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

#### Municipal Finance Improvement Program

Balance unspent at beginning of year	796 437	-
Current-year receipts	100 000	859 248
Conditions met - transferred to revenue: operating expenditure	(896 437)	(62 811)
	<u>-</u>	<u>796 437</u>

Conditions still to be met - remain liabilities (see note 19)

This grant is for implementation of Financial Management systems that can assist in producing legislated reports, multi-year budgets, in-year reports, SDBIP, annual reports and automation of financial management practices.

#### Maintenance of proclaimed roads

Current-year receipts	9 768	17 280
Conditions met - transferred to revenue: operating expenditure	(9 768)	(17 280)
	<u>-</u>	<u>-</u>

This grant was received for maintenance of Provincial roads.

#### Integrated national electrification programme (Municipal Grant)

Current-year receipts	3 000 000	-
Conditions met - transferred to revenue: capital expenditure	(2 536 141)	-
	<u>463 859</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 19).

Provide explanations of conditions still to be met and other relevant information.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 26. Government grants and subsidies (continued)

#### Provincial: Department of Transport

Balance unspent at beginning of year	190 588	270 150
Conditions met - transferred to revenue: operating expenditure	(190 588)	-
Conditions met - transferred to revenue : capital expenditure	-	(79 562)
	<u>-</u>	<u>190 588</u>

The grant was received for construction of a long distance taxi zone area.

#### Flood Damage Grant

Current-year receipts	5 183 000	-
Conditions met - transferred to revenue: operating expenditure	(1 396 269)	-
	<u>3 786 731</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 19).

The grant was received to prepare flood damage that occurred in January 2014.

#### Matjiesfontein UISP

Balance unspent at beginning of year	574 848	1 262 137
Current-year receipts	-	2 323 542
Conditions met - transferred to revenue: operating expenditure	(574 848)	-
Other	-	(3 010 831)
	<u>-</u>	<u>574 848</u>

Conditions still to be met - remain liabilities (see note 19).

This grant was received for development of houses as set out in terms of the Turnkey Contracting Strategy as set out in the National Housing Code, within the boundaries of the municipality.

#### Provincial: Sub-Seta

Current-year receipts	39 459	24 606
Conditions met - transferred to revenue: operating expenditure	(39 459)	(24 606)
	<u>-</u>	<u>-</u>

This grant was received for long term monitoring and construction of water infrastructure.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Management Support Grant</b>		
Balance unspent at beginning of year	500 000	-
Current-year receipts	-	500 000
Conditions met - transferred to revenue: operating expenditure	(328 599)	-
Conditions met - transferred to revenue: capital expenditure	(171 401)	-
	<u>-</u>	<u>500 000</u>

Conditions still to be met - remain liabilities (see note 19).

The grant is received to provide financial assistance to Municipalities to improve overall governance systems and structures.

### Shared services: Legal services

Balance unspent at beginning of year	-	250 000
Conditions met - transferred to revenue: operating expenditure	-	(250 000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 19).

The grant is received to establish a cooperative partnership between the Central Karoo Legal Shared Service Centre and its customers. The Legal Shared Service Centre will provide a shared business environment for legal services to the municipalities within the Central Karoo District.

### Shared services: Internal audit

Balance unspent at beginning of year	-	150 000
Conditions met - transferred to revenue: operating expenditure	-	(150 000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 19).

Funds received to establish a cooperative partnership between the Central Karoo Internal Audit and Risk Management Shared Service Centre and its customers. The Legal Shared Service Centre will provide a shared business environment for internal audit, risk management and compliance monitoring to the municipalities within the Central Karoo District.

### Organisational Development Grant

Balance unspent at beginning of year	-	500 000
Conditions met - transferred to revenue: operating expenditure	-	(500 000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 19).

The grant is received to identify the organisational needs of the municipality and to improve the organisational structure of the municipality.



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 26. Government grants and subsidies (continued)

#### Nelson Mandela Memorial Service Grant

Current-year receipts	-	100 000
Conditions met - transferred to revenue: operating expenditure	-	(100 000)
	<u>-</u>	<u>-</u>

Expenditure related to funeral related activities in respect of the memorial service in honour of former President Nelson Mandela, excluding commemorative advertising and clothing.

#### Thusong submission

Current-year receipts	-	218 000
Conditions met - transferred to revenue: operating expenditure	-	(218 000)
	<u>-</u>	<u>-</u>

Allocation received from the Western Cape Government for operating expenditure related to the Thusong Centre.

#### Department Environmental Affairs & Tourism

Balance unspent at beginning of year	82 106	106 667
Conditions met - transferred to revenue: operating expenditure	-	(24 561)
	<u>82 106</u>	<u>82 106</u>

Conditions still to be met - remain liabilities (see note 19).

This grant was received to develop a spatial development plan.

#### Department Water Affairs (DWA)

Balance unspent at beginning of year	<u>575 883</u>	<u>575 883</u>
--------------------------------------	----------------	----------------

Conditions still to be met - remain liabilities (see note 19).

This grant is used for water supply at Matjiesfontein, ground water investigation and the draw up of a water master plan. The water master plan needs to be drafted and submitted and the water meters need to be installed.

#### Local Government: Local Municipalities

Balance unspent at beginning of year	<u>112 140</u>	<u>112 140</u>
--------------------------------------	----------------	----------------

Conditions still to be met - remain liabilities (see note 19).

This grant is used for the compiling of a sewerage master plan and investigation of electricity tariffs.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Analysis of operating expenditure amounts transferred to revenue</b>		
Included in general expenses as grant expenditure	3 547 905	2 392 650
Included in cleaning expenses	2 000 000	1 000 000
Included in community development and training	84 325	77 706
Included in spatial planning	35 104	24 561
Included in other general expenses	1 583 853	579 945
Included in employee related costs	420 122	416 125
Included in contracted services	67 254	62 811
Included in general expenses as Nelson Mandela Memorial Service expenses	-	100 000
Included in general expenses as consulting and professional fees	1 100 000	900 000
Included in general expenses as training expenses	28 754	24 606
Included in repairs and maintenance	56 142	40 873
<b>Total transferred to revenue: operating expenses</b>	<b>8 923 459</b>	<b>5 619 277</b>
<b>27. Employee related costs</b>		
Employee related costs - salaries and wages	9 104 860	8 265 941
Performance bonuses	-	30 382
Employee related costs - contributions	1 454 210	1 356 144
Unemployment Insurance Fund (UIF)	79 051	73 766
Workmans Compensation Act (WCA)	96 450	73 451
Skills Development Levy (SDL)	104 883	96 548
Leave pay	239 114	111 977
Defined benefit plan expense - current service cost	(24 000)	(1 311 000)
Travel, motor car, accommodation, subsistence and other allowances	695 049	583 425
Overtime payments	482 027	226 951
Long-service awards	32 288	77 266
Thirteenth cheque	574 808	542 760
Housing benefits and allowances	22 515	21 309
	<b>12 861 255</b>	<b>10 148 920</b>
<b>Remuneration of Williams PA - Municipal Manager</b>		
Annual Remuneration	1 198 071	1 121 895
Performance Bonuses	-	146 725
Contributions to UIF, Medical and Pension Funds	7 969	1 784
	<b>1 206 040</b>	<b>1 270 404</b>
<b>Remuneration of Groenewald A - Chief Finance Officer</b>		
Annual Remuneration	467 184	416 862
Acting Allowance	109 081	129 635
Contributions to UIF, Medical and Pension Funds	101 995	91 856
Travel, motor car, accommodation, subsistence and other allowances	141 927	139 128
Service bonus	37 987	-
Honorarium	3 000	-
	<b>861 174</b>	<b>777 481</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>28. Remuneration of councillors</b>		
Remuneration	2 296 533	2 201 421
Allowances	115 496	91 656
	<b>2 412 029</b>	<b>2 293 077</b>

The Mayor may utilise official Council transportation when engaged in official duties.

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2015	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Theron W du P - Executive Mayor	476 320	164 709	28 680	13 962	683 671
Van As BJ - Deputy Executive Mayor	211 539	70 513	24 558	13 968	320 578
Horn H - Speaker	384 617	128 205	26 990	25 386	565 198
Bobbejee M - Councillor	144 231	48 077	3 600	9 520	205 428
Botes PJ - Councillor	144 231	48 077	24 468	9 520	226 296
Botha J - Councillor	144 232	48 077	3 600	9 520	205 429
Gouws M - Councillor	144 232	48 077	3 600	9 520	205 429
	<b>1 649 402</b>	<b>555 735</b>	<b>115 496</b>	<b>91 396</b>	<b>2 412 029</b>

2014	Annual remuneration	Travel allowance	Other allowances	Back pay	Total
Theron W du P - Executive Mayor	559 306	78 849	24 608	23 621	686 384
Van As BJ - Deputy Executive Mayor	250 998	33 910	15 220	14 513	314 641
Horn H - Speaker	449 563	61 655	24 608	19 591	555 417
Bobbejee M - Councillor	167 252	23 121	3 000	6 012	199 385
Botes PJ - Councillor	172 900	23 121	18 220	11 661	225 902
Botha J - Councillor	167 252	23 121	3 000	6 012	199 385
Gouws M - Councillor	167 252	23 121	3 000	6 012	199 385
	<b>1 934 523</b>	<b>266 898</b>	<b>91 656</b>	<b>87 422</b>	<b>2 380 499</b>

## 29. Debt impairment

Bad debts written off	33 193	13 905
Sundry receivables impaired	(14 048)	14 048
Contributions to allowance for debt impairment	19 957 161	12 296 634
	<b>19 976 306</b>	<b>12 324 587</b>

## 30. Depreciation and amortisation

Property, plant and equipment	7 424 900	7 484 838
Investment property	122 085	123 467
Intangible assets	199 027	190 938
	<b>7 746 012</b>	<b>7 799 243</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>31. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	26 713	145 707
On Wednesday 8 January 2014 the Buffels, Wilgerhout and Baviaans Rivers in the Laingsburg area flooded.		
The flooding resulted in damage to some of the municipality's infrastructure assets (boreholes, stormwater pipes and water supply pipes).		
Most of the damaged assets were repaired and are consequently not impaired. All assets not repaired were impaired at 30 June 2014. The recoverable amount of these assets were based on its fair value less cost to sell.		
<b>32. Finance costs</b>		
Payables from exchange transactions	140	12 950
SARS: interest on late payment of VAT	1 299	-
Finance costs - landfill site rehabilitation provision	223 772	193 389
	<u>225 211</u>	<u>206 339</u>
<b>33. Bulk purchases</b>		
Electricity	<u>6 573 271</u>	<u>6 648 043</u>
Electricity		
Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.		
Water		
There was no bulk purchases for water during the year. This is as a result of the municipality being supplied with water from the river as well as from a municipal farm with a natural water resources.		
<b>34. Contracted services</b>		
Municipal Finance Improvement Program expense	(8 793)	65 361
Town planning	54 664	32 483
	<u>45 871</u>	<u>97 844</u>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>35. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Laingsburg High School	12 300	500
Acacia Primary School	1 400	3 000
Area committee	-	1 500
AIDS program and Cancer awareness	17 771	2 492
SMME development	14 660	-
Gardening	-	5 600
Municipal sport	25 316	18 811
Youth Week	20 297	12 060
Equitable share households	773 071	771 499
Tourism grant	190 070	242 191
Donald Duck Pre-Primary	16 588	16 131
Soup kitchen	150 196	-
LaDaag	10 620	5 116
Area committee	-	11 815
Other grants and subsidies paid	6 760	6 868
Christmas for children	6 729	1 235
	<b>1 245 778</b>	<b>1 098 818</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures In Rand	2015	2014
<b>36. General expenses</b>		
Administration costs	513 148	4 780
Advertising	54 727	4 785
Auditors remuneration	1 801 443	1 701 526
Bank charges	257 246	191 740
Bargaining council	3 422	3 569
Chemicals	3 963	887
Cleaning	1 197 580	1 141 840
Commission for collection of traffic fines	3 034 097	2 301 847
Commission paid	114 328	114 287
Community development and training	69 952	80 861
Computer expenses	-	258 217
Consulting and professional fees	1 163 440	1 960 255
Consumables	437 265	319 633
Crime prevention	422 042	-
Delegation costs	24 161	8 015
Electricity	396 871	298 357
Expense: SARS (VAT)	918 001	-
Flood damage	946 663	449 606
Fuel and oil	524 323	617 223
Insurance	115 550	134 235
Inventory losses	-	13 332
Levy: District Municipality (Health Services)	16 711	13 186
Magazines, books and periodicals	776	1 267
Management fees - Water catchment area	89 820	34 076
Marketing	371 328	291 360
Nelson Mandela Memorial Service expenses	-	100 339
Office and general expenses	816 085	-
Office expenses	31 203	-
Pauper burials	7 237	3 215
Pest control	8 612	4 033
Postage	4 342	41 427
Printing and stationary	246 121	210 926
Public entertainment	114 451	96 508
Quality control	225 406	122 757
Rental: other	-	1 285
Security Services	624 159	637 318
Software expenses	166 101	457 228
Spatial planning	-	24 561
Subscriptions and membership fees	135 202	490 372
Telephone and fax	719 806	469 529
Tools and equipment	255 484	72 640
Training	740 109	469 527
Transport and freight	9 768	-
Travel - local	1 154 268	815 592
Uniforms and protective clothing	38 859	78 565
Valuation costs	35 904	274 726
Vehicle licences	66 001	41 977
	<b>17 875 975</b>	<b>14 357 409</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>37. Financial Instruments</b>		
<b>Categories of financial instruments</b>		
<b>2015</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Cash and cash equivalents	14 758 371	14 758 371
Receivables from exchange transactions	1 432 861	1 432 861
Receivables from non-exchange transactions	5 323 318	5 323 318
Current portion of long term receivables from exchange transactions	281	281
	<b>21 514 831</b>	<b>21 514 831</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	5 951 626	3 282 014
Consumer deposits	406 255	395 505
	<b>6 357 881</b>	<b>3 677 519</b>
<b>2014</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Cash and cash equivalents	8 317 171	8 317 171
Receivables from exchange transactions	1 362 705	1 362 705
Receivables from non-exchange transactions	2 973 506	2 973 506
Current portion of long term receivables from exchange transactions	4 220	4 220
	<b>12 657 602</b>	<b>12 657 602</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	3 282 016	3 282 016
Consumer deposits	395 505	395 505
	<b>3 677 521</b>	<b>3 677 521</b>
<b>Financial Instruments in the statement of financial performance</b>		
<b>2015</b>		
	At amortised cost	Total
Interest received (calculated using effective interest method) for financial instruments at amortised cost	1 346 300	1 346 300
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(225 211)	(225 211)
Impairment loss	(26 713)	(26 713)
	<b>1 094 376</b>	<b>1 094 376</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>Financial instruments (continued)</b>		
<b>2014</b>		
	At amortised cost	Total
Interest received (calculated using effective interest method) for financial instruments at amortised cost	1 045 049	1 045 049
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(10 745)	(10 745)
Impairment loss	(217 502)	(217 502)
	<b>816 802</b>	<b>816 802</b>
<b>38. Cash generated from operations</b>		
Surplus	17 221 594	8 068 029
<b>Adjustments for:</b>		
Depreciation and amortisation	7 746 012	7 799 243
Loss on sale of assets and liabilities	9 727	60 461
Inventory losses	-	13 332
Impairment loss	26 713	145 707
Debt impairment	19 976 305	12 324 587
Movements in operating lease asset and accruals	2 501	(1 475)
Movements in retirement benefit assets and liabilities	(24 000)	(1 311 000)
Movements in provisions	1 508 712	(254 362)
Change in rehabilitation asset	(1 090 000)	452 465
Assets received as donations	128 124	(14 700)
Donations: Investment property	(210 821)	-
<b>Changes in working capital:</b>		
Inventories	440 394	(3 134 165)
Trade receivables from exchange transactions	(618 190)	(443 474)
Receivables from non-exchange transactions	(21 766 491)	(13 405 041)
Payables from exchange transactions	2 669 609	(489 571)
VAT	(1 979 970)	1 033 584
Unspent conditional grants and receipts	3 318 358	(188 544)
Consumer deposits	10 750	44 637
	<b>27 369 327</b>	<b>10 699 713</b>



# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>39. Commitments</b>		
<b>Capital commitments</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	30 432 002	48 754 902
<b>Total capital commitments</b>		
Already contracted for but not provided for	30 432 002	48 754 902
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	30 432 002	48 754 902

This committed expenditure relates to infrastructure workings and will be financed by available bank facilities, retained surpluses, mortgage facilities, existing cash resources, funds internally generated, etc.

### Open purchase orders

Items ordered before year-end, but delivered after year-end	716	7 298
---	-----	-------

### 40. Related parties

For names of Councillors as well as disclosures of remuneration to Councillors: Refer to note 28

For disclosures of remuneration to management: Refer to note 27

### Related party transactions

The municipality provides municipal services to all councillors, management and their family members residing within the municipal area. The municipality also charges property rates to all councillors, management and their family members who are property owners within the municipal area. These transactions were concluded on normal operating terms and are included in the "service charges" and "property rates" on the statement of financial performance. Any balances due to the municipality on the reporting date are included in receivables from exchange transactions (relating to service charges) and receivables from non-exchange transactions (relating to property rates) on the statement of financial position.

### 41. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 41. Risk management (continued)

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	5 951 626	-	-	-
Consumer deposits	406 205	-	-	-
At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	3 282 014	-	-	-
Consumer deposits	395 505	-	-	-

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to customers are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Receivables from non-exchange transactions	5 323 318	2 973 506
Receivables from exchange transactions	1 432 861	1 362 705
Current portion of long-term receivables from exchange transactions	281	4 220
Cash and cash equivalents	14 758 371	8 317 171

### 42. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 43. Events after the reporting date

The accounting officer is not aware of any matters or events arising between the end of the reporting period and the date of these financial statements, which will significantly affect the financial position and results of the municipality's operations.

### 44. Unauthorised expenditure

Unauthorised expenditure	23 675 097	22 476 171
--------------------------	------------	------------

No disciplinary steps have been followed to date as the Municipality was of the opinion that the unauthorised expenditure was incurred due to overspending of votes or main divisions within votes.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>44. Unauthorised expenditure (continued)</b>		
All unauthorised expenditure was written-off by Council.		
<b>45. Fruitless and wasteful expenditure</b>		
Interest on late payments of suppliers	2 101	12 928
Penalties paid to SARS (VAT)	39 481	-
Interest paid to SARS (VAT)	15 085	-
Overpayment of cell phone allowance to councillors	8 242	-
	<b>64 909</b>	<b>12 928</b>
Interest on late payments of suppliers was written-off by Council.		
Penalties and interest paid to SARS relates to the VAT review performed by SARS during the 2013/2014 financial year.		
<b>46. Irregular expenditure</b>		
Opening balance	17 671 663	510 277
Add: Irregular Expenditure - current year	31 025 463	20 558 155
Less: Amounts written off	(31 025 463)	(3 396 769)
	<b>17 671 663</b>	<b>17 671 663</b>
<b>Analysis of expenditure awaiting write-off per age classification</b>		
Current year	-	17 161 386
Prior years	17 671 663	390 590
	<b>17 671 663</b>	<b>17 551 976</b>
<b>Details of irregular expenditure written-off - current year</b>		
Deviations from Regulation 12 and Supply Chain Policies		(31 025 463)
These irrecoverable amounts were written off during the financial year by council.		
<b>47. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government - SALGA</b>		
Opening balance	625 000	362 500
Current year subscription / fee	500 000	462 500
Amount paid - current year	(450 000)	(200 000)
	<b>675 000</b>	<b>625 000</b>
<b>Audit fees</b>		
Current year subscription / fee	1 801 443	1 701 526
Amount paid - current year	(1 801 443)	(1 701 526)
	<b>-</b>	<b>-</b>

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>47. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>PAYE and UIF</b>		
Opening balance	55 151	178 526
Current year subscription / fee	2 042 618	2 194 840
Amount paid - current year	(1 499 863)	(2 318 215)
	<u>597 906</u>	<u>55 151</u>
<b>Pension and medical aid deductions</b>		
Opening balance	115 304	115 304
Current year subscription / fee	2 366 399	2 237 626
Amount paid - current year	(2 366 399)	(2 237 626)
	<u>115 304</u>	<u>115 304</u>

### 48. Budget differences

#### Material differences between budget and actual amounts

48.1 Water revenue: Less water was sold to consumers. This can largely be attributed to the high rainfall experienced within the municipal area during the summer months.

48.2 Rental of facilities and equipment: The difference is mainly attributable to the rental revenue from buildings exceeding the budgeted revenue.

48.3 Licences, permits and agency fees: for the adjustment budget it was noted that there is a decrease in licences and permits. The decrease was, however, lower than expected and therefore the actual is higher than the budgeted amount. The agency fees for renewal of vehicle licences was lower than expected and budgeted for.

48.4 Other income: Less donations were received during the financial year than budgeted.

48.5 Interest received - external investments: Balances of the external investment deposit accounts were more than budgeted for throughout the financial year.

48.6 Government grants and subsidies: Capital: An additional Municipal Infrastructure Grant (MIG) allocation was received during the year. This was not included in the budget.

48.7 The municipality applied IGRAP 1 on the recognition of revenue. This resulted in a material increase in revenue from fines.

48.8 The municipality budgeted for positions that have not been filled during the financial year.

48.9 Depreciation and asset impairment: Actual depreciation was below budgeted depreciation. This was due to impairment losses.

48.10 Impairment: The municipality did not budget for impairment losses.

48.11 Finance cost: The municipality did not budget for sufficient interest expense. Included in actual finance costs are the unwinding charge of the landfill site rehabilitation provision as well as interest on late payment of suppliers.

48.12 Debt impairment: Balances receivable from consumers exceeded the budgeted amount. In addition to this the municipality applied IGRAP 1 on the recognition of revenue. This resulted in a material increase in receivables from fines and consequently an increase in the impairment of those receivables.

48.13 Collection cost: Collection cost was more, than the budgeted amount as the municipality had more fine revenue as budgeted for.

48.14 Repairs and maintenance: less repairs and maintenance than budgeted for due to flood damage grant received.

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 48. Budget differences (continued)

48.15 Bulk purchases: More bulk purchases was needed as the supply of electricity was higher than expected.

48.16 Contracted services: Actual expenditure on consulting and professional fees were below the budgeted amount. This was due to less hours billed by consultants than budgeted for.

48.17 Grants and subsidies paid: More temporary workers were appointed during the financial year. This resulted in less people qualifying for financial assistance than budgeted for.

48.18 General expenditure: Other expenses includes flood damage. These expenses were not budgeted for.

48.19 Loss on disposal of assets: More assets were written off than budgeted for. The loss relates mainly to a number of water meters that was replaced early in the financial year.

48.20 Inventories: Inventories include RDP houses to be distributed to beneficiaries. This was not included in the budgeted inventories.

48.21 Operating lease asset: Straight-lining calculation was not performed for budgetary purposes.

48.22 Receivables from exchange: These items exceed the budgeted amounts due to an increase in rates as well as an increase in the number of consumers.

48.23 Receivables from non-exchange: These items exceed the budgeted amounts due to an increase in rates as well as an increase in the number of consumers.

48.24 Long-term receivables from exchange transactions: this item was included in "receivables from non-exchange" for budget purposes.

48.25 VAT receivable: This item was not budgeted for.

48.26 Property plant equipment: The municipality purchased more assets than they budgeted for.

48.27 Intangible assets: The municipality purchased new software for its internal audit department.

48.28 Payables from exchange transactions and Unspent conditional grants: These items were included in one line item in the budget amounts. In addition, more than budgeted capital expenditure resulted in a decrease in unspent conditional grants.

48.29 Consumer deposits: More customers had to pay more consumer deposits.

48.30 Current employee benefit obligation: these items were included as one item in the budget amounts. In addition to this the actual is less than budgeted for mainly due to the significant decrease in the employee benefit obligation.

48.31 Unspent conditional grants and receipts: Grants was received close to year end, and not all amounts could be spend.

48.32 Employee benefit obligation: The actual is less than budgeted for mainly due to the significant decrease in the employee benefit obligation.

48.33 Provisions: There was an increase in provisions as the some employee will be receiving their long service bonuses shortly.

48.34 Operating lease rental: Departemental rental of Library cost was not budgeted for.

48.35 Remuneration of councillors: the expected increase in salaries were higher than the actual received from SALGA after the budget has been submitted.

### Changes from the approved budget to the final budget

Material changes in revenue items

# Laingsburg Local Municipality

(Registration number WC051)

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

### 48. Budget differences (continued)

Revenue from water sales were increased due to an anticipated increase in the amount of water sold in the municipal area as well as an increase in the rate for water sales.

Revenue from licences and permits were increased due to an anticipated increase in the number of licences and permits being issued as well as an increase in rates.

Other income was reduced due to the municipality expecting less donations in the financial year.

Revenue from property rates were increased due to the anticipated increase in the rates charged to property owners.

### Material changes in expense items

Contracted expenses were increase due to the anticipated increase in professional and consulting fees regarding the change in organisational structure of the municipality.

Grants and subsidies paid was increased due to an increase in the number of indigent households as well as an increase in the subsidies given to indigent households during the financial year.

Loss on disposal of assets were increased due to an anticipated increase in the assets that will be written off during the financial year.

### 49. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - 2015

	Capital replacement reserve	Donations and public contributions	Housing development fund	Total
Opening balance	2 261 681	32 994 672	1 680 451	36 936 804
Property, plant and equipment purchases	(6 633)	-	-	(6 633)
	<b>2 255 048</b>	<b>32 994 672</b>	<b>1 680 451</b>	<b>36 930 171</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - 2014

	Capital replacement reserve	Donations and public contributions	Housing development fund	Total
Opening balance	2 258 915	32 994 672	1 847 861	37 101 448
Transfer to capital replacement reserve	99 202	-	-	99 202
Property, plant and equipment purchases	(96 436)	-	-	(96 436)
Expenditure incurred	-	-	(180 471)	(180 471)
Rental income	-	-	13 061	13 061
	<b>2 261 681</b>	<b>32 994 672</b>	<b>1 680 451</b>	<b>36 936 804</b>

### 50. Auditors' remuneration

Audit fees	1 801 443	1 701 526
------------	-----------	-----------

ANNEXURE B: AUDITOR  
GENERAL'S REPORT 2014-

15

# **Report of the auditor-general to the Western Cape Provincial Parliament and the council on Laingsburg Municipality**

## **Report on the financial statements**

### **Introduction**

1. I have audited the financial statements of the Laingsburg Municipality set out on pages 4 to 86, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Laingsburg Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matter**

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Material impairments**

8. As disclosed in notes 4 and 5 to the financial statements, receivables have been significantly impaired. The impairment allowance amounts to R36,1 million (84% of gross receivables) of which R2,5 million (6% of gross receivables) relates to services debtors.

### **Material losses**

9. As disclosed in note 21 to the financial statements, water losses of 51,5% amounting to R1 216 975 (2013-14: 52,8% amounting to R992 521) were incurred during the year.

## **Additional matters**

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited supplementary schedules**

11. The supplementary information set out on pages 87 to 91 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **Unaudited disclosure notes**

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## **Report on other legal and regulatory requirements**

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## **Predetermined objectives**

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
  - Objective D: Improve the standard of living of all people in Laingsburg on pages 16 to 17
  - Objective E: Provision of infrastructure to deliver improved services to all residents and business on pages 17 to 20
  - Objective G: To create an institution with skilled employees to provide a professional service to its clientele guided by municipal values on pages 20 to 21
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

## **Additional matters**

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

### **Achievement of planned targets**

20. Refer to the annual performance report on pages 16 to 17 and 18 to 21 for information on the achievement of planned targets for the year.

### **Unaudited supplementary information**

21. The supplementary information set out on pages 22 to 65 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not express a conclusion thereon.

## **Compliance with legislation**

22. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Annual financial statements**

23. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, current liabilities, revenue, disclosure items, cash flow statement and statement of comparison of budget and actual amounts, identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Tabling of prior year annual report**

24. The oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013-14 annual report was tabled, as required by section 129(1) of the MFMA.

### **Audit committee**

25. The audit committee did not advise the council and the accounting officer on matters relating to:
- (a) internal financial control and internal audits, accounting policies, effective governance, performance management and performance evaluation as required by section 166(2)(a) of the MFMA;
  - (b) the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA; and
  - (c) compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
26. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.
27. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.
28. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).
29. The audit committee did not review the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).
30. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).

#### Internal audit

31. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.
32. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

#### Human resource management

33. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of section 67(d) of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

#### Expenditure management

34. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

#### Procurement and contract management

35. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) regulation 17(a) and (c).
36. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).
37. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
38. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).
39. Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).
40. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).

41. Sufficient appropriate audit evidence could not be obtained that bids were evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services and at least one SCM practitioner of the municipality as required by SCM regulation 28(2).
42. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.
43. Sufficient appropriate audit evidence could not be obtained that bid adjudication was always done by committees which were composed in accordance with SCM regulation 29(2).
44. Thresholds for local content on designated sectors procurement were not properly applied in accordance with the requirements of preferential procurement regulation 9.
45. Sufficient appropriate audit evidence could not be obtained that councillors of the municipality participated in committees evaluating or approving tenders or attended meetings of committees evaluating or approving tenders, in contravention of section 117 of the MFMA.
46. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and SCM regulation 28(1)(a).
47. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations.
48. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of PPPFA.
49. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
50. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
51. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
52. Contracts and quotations were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

#### Consequences management

53. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

## **Internal control**

54. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

## **Leadership**

55. Leadership was not effective in ensuring that good governance is in place to protect and enhance the interests of the municipality, due to the lack of proper consequence management systems, procedures and policies. Despite the recurring findings, leadership did not create a culture of good governance as evidenced by the lack of review of compliance with legislation. Leadership also has not acted on our audit recommendations made in the prior year and has not carried out the commitments made in previous audits.
56. Leadership did not provide sufficient oversight over the implementing and monitoring of controls to prevent non-compliance. This has resulted in a breakdown of controls. Furthermore, leadership did not provide adequate oversight over the preparation of the annual financial statements to ensure that they are free from material misstatements.
57. Despite a continuous shortage of skills, leadership has not implemented any policy or processes to ensure that staff is sufficiently and adequately trained and that the performance of staff is monitored, measured and evaluated. Leadership has also not implemented any policy or process to ensure the transfer of skills and knowledge from the consultants to the staff. Despite the challenges that the municipality face in attracting sufficiently skilled staff, leadership has not implemented any initiatives to address the shortage of skilled staff in the procurement and finance departments within the municipality.
58. Leadership did not have adequately documented policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the key legislation relating to the annual report, procurement and contract management, expenditure management, consequences management and human resource management.
59. From the numerous instances of non-compliance with legislation and material misstatements identified in the financial statements, it can be concluded that the action plan developed to address the internal control deficiencies previously identified and communicated was not effective. Leadership did not ensure that management's action plan to address the internal control deficiencies identified in the prior financial year were implemented as is evidenced by the extent of recurring audit findings in the current financial year. The action plan in place is not driven with vigour and intervention is urgently required to prevent the municipality from regressing.

## **Financial and performance management**

60. Management did not ensure that information is timeously gathered and filed appropriately to support financial information reported in the financial statements. Furthermore, the lack of contract management and maintaining proper contract registers hampered the disclosure of accurate figures for commitments in the financial statements.

61. Management has not implemented adequate controls to ensure that there are monthly reconciliations performed of transactions to support valid, accurate and complete financial reporting.
62. Management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.
63. Despite the recurring findings, management has not ensured that the actions plans developed to address the recurring non-compliance findings were implemented and monitored. Management did not have adequate controls in place to effectively review and monitor compliance with all relevant legislation. Management has not carried out the commitments made of implementing monitoring processes to ensure compliance with legislation, specifically relating to procurement and contract management and key compliance focus areas.

## **Governance**

64. The internal audit work was not performed in accordance with an internal audit plan and the legislative framework. The internal audit unit also did not review or audit the performance measures on a continuous basis and there did not submit quarterly reports to the municipal manager and the audit committee. The internal audit unit also did not advise the accounting officer and report to the audit committee on matters relating to compliance with relevant laws and regulations.
65. The audit committee has not carried out its core function in providing oversight over the effectiveness of the internal control environment. It has not ensured that the internal audit had credible plans to address the audit findings previously raised nor have they monitored the function to ensure that it operates in an effective manner and carries out its core function. The audit committee has failed in promoting accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations which is evident from the number of internal control deficiencies and non-compliance matters identified during the audit process. The audit committee has also not performed its functions as prescribed by the legislative framework, which is further compounded as it was not properly constituted as required by the legislative framework.

*Auditor-General*

Cape Town

30 November 2015



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# LAINGSBURG MUNICIPALITY

## OVERSIGHT REPORT ON ANNUAL REPORT: 2014/2015 FINANCIAL YEAR

### 1. PURPOSE OF REPORT

To consider the municipality's Annual Report for the 2014/2015 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA)

### 2. BACKGROUND

#### A. Legal Requirements

Section 121(1) (2) and (3) of the MFMA determines as follows:

121 (1) Every Municipality must for each financial year prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

The purpose of the annual report is:-

- (a) To provide a record of the activities of the municipality during the financial year to which report relates;
- (b) To provide a report on performance against the budget of the municipality for the financial year; and
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality.

The annual report of municipality includes the following:-

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, Act 32 of 2000;
- (v) An assessment of the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) An assessment of the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3) (b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;



- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;
- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) Any other information as may be prescribed;

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the annual report, invite the local community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include a statement whether –

- The Council has approved the Annual Report with or without reservations;
- Has rejected the Annual Report, or
- Has referred the Annual Report back for revision of those components that can be revised

### **3. PROCESS**

#### **a) Submission and tabling of the Annual Report**

The Annual Report of the Municipality for the 2014/2015 financial year is tabled on 21 January 2016 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

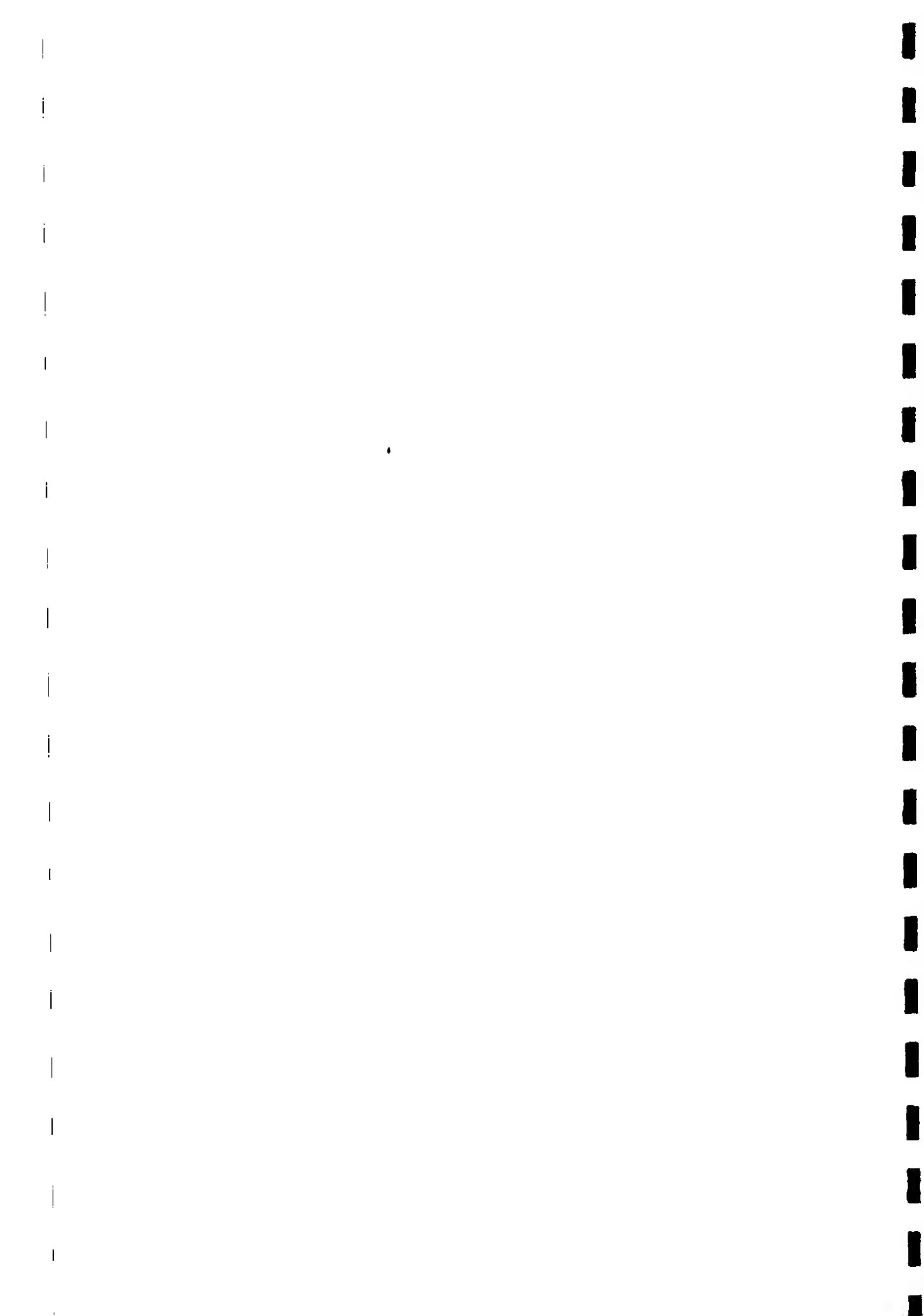
Council resolved at item 6.4 at the minutes of the meeting of the Council held on 21 January 2016:

1. *That the Draft Annual Report for the 2014/2015 financial year be approved; and*
2. *That the Draft Annual Report 2014/2015 be advertised for public comment;*

#### **b) The Oversight Committee**

Laingsburg Municipality's Audit Committee and Municipal Public Accounts Committee (MPAC) formed the Oversight Committee on 08 March 2016 in terms of National Treasury: MFMA Circular No. 32 and assumed such oversight role to analyse and review the annual reports in detail before tabling the Annual Report to Council for consideration.

The Committee comprises of Municipal Public Accounts Committee Councillors, Audit Committee Members, and administratively the Internal Auditor and Strategic Planning and Development Official in the absence of the Municipal Manager and Chief Financial Officer.



In terms of the resolution by Council regarding the advertisement of the Draft Annual Report:

- The local community was invited via the Community Notices No. 6/2016 to submit comments/ objections received in connection with the Annual Report from 22 January 2016 to 26 February 2016; **No comments and objections were received**
- The Draft Annual Report has been placed on the municipal website, [www.laingsburg.gov.za](http://www.laingsburg.gov.za)
- The Draft Annual Report has been submitted to the relevant government departments.

At the closing date for public comments on 26 February 2016, no representations were received. However, Provincial Department comments were received.

#### 4. OVERSIGHT COMMITTEE COMMENTS

Provinsiale Tesourier het 'n volwaardige evaluering gedoen het om sodoende toe te sien dat wetiese vereistes toegepas word. [Aanhegsel A]

Alle veranderinge moet só deur administrasie behartig word soos versoek deur Provinsiale Tesourier. [Aanhegsel B]

Die verwys na die MPAC Jaarverslag Gespreksessie Verslag vir regstellings deur die administrasie.

Kommentaar vir toekomstige oorweging deur die Raad en Administrasie

- a) MG noem dat gekyk moet word na die Leierskap, bestaande uit die munisipale raad met verwysing na die Ouditeur-Generaal se verslag, en spesifiek gemik op aksie implementering van die vorige jaar deur die raad om prestasie te verbeter. Laasgenoemde verslag stip duidelik dat Leierskap ontbreek in munisipaliteit wat aanleiding gee tot onder andere, i) Onder-en-Oorspandering, Ongemagtigde uitgawes ens. wat die SDBIP affekteur.
- b) MG noem dat gekyk moet word na wat begroot is voor en of dit ook vervat is in die munisipale IDP en die afhandeling daarvan. Hy noem verder dat hierdie in 'n posisie behoort te wees om tydens Aansuiweringsbegroting proses presies vir die raad aan sou beveel watter fondse verskaf moet word.
- c) Derdens gekyk moet word op hoe verbeteringe geskied in terme van, soos laasgenoemd, ons ongemagtigde uitgawes, indien dit sou groei, tot ons ongekwalifiseerde oudit opinie om sodoende 'n skoon oudit te verseker.

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

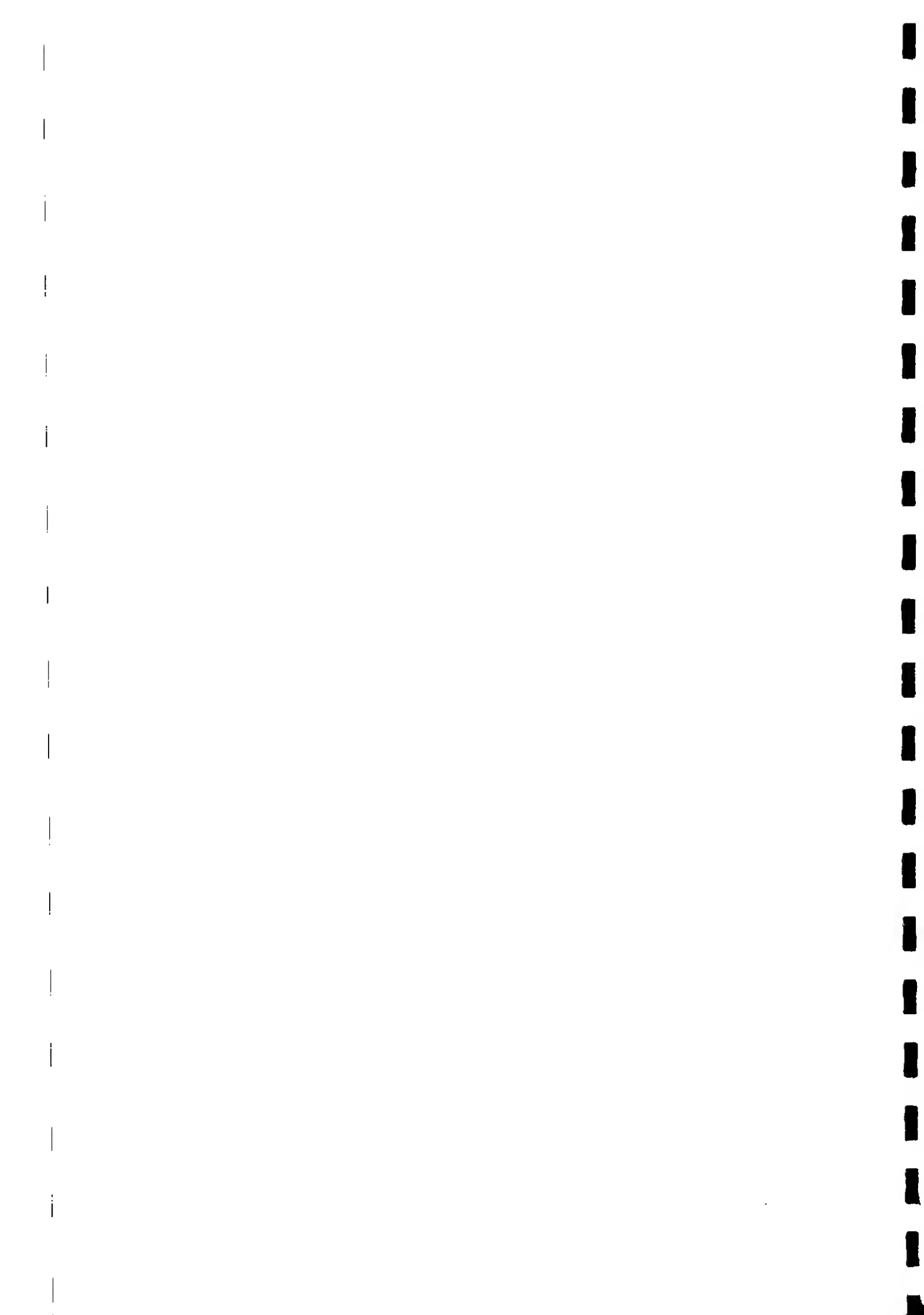
|

|

|

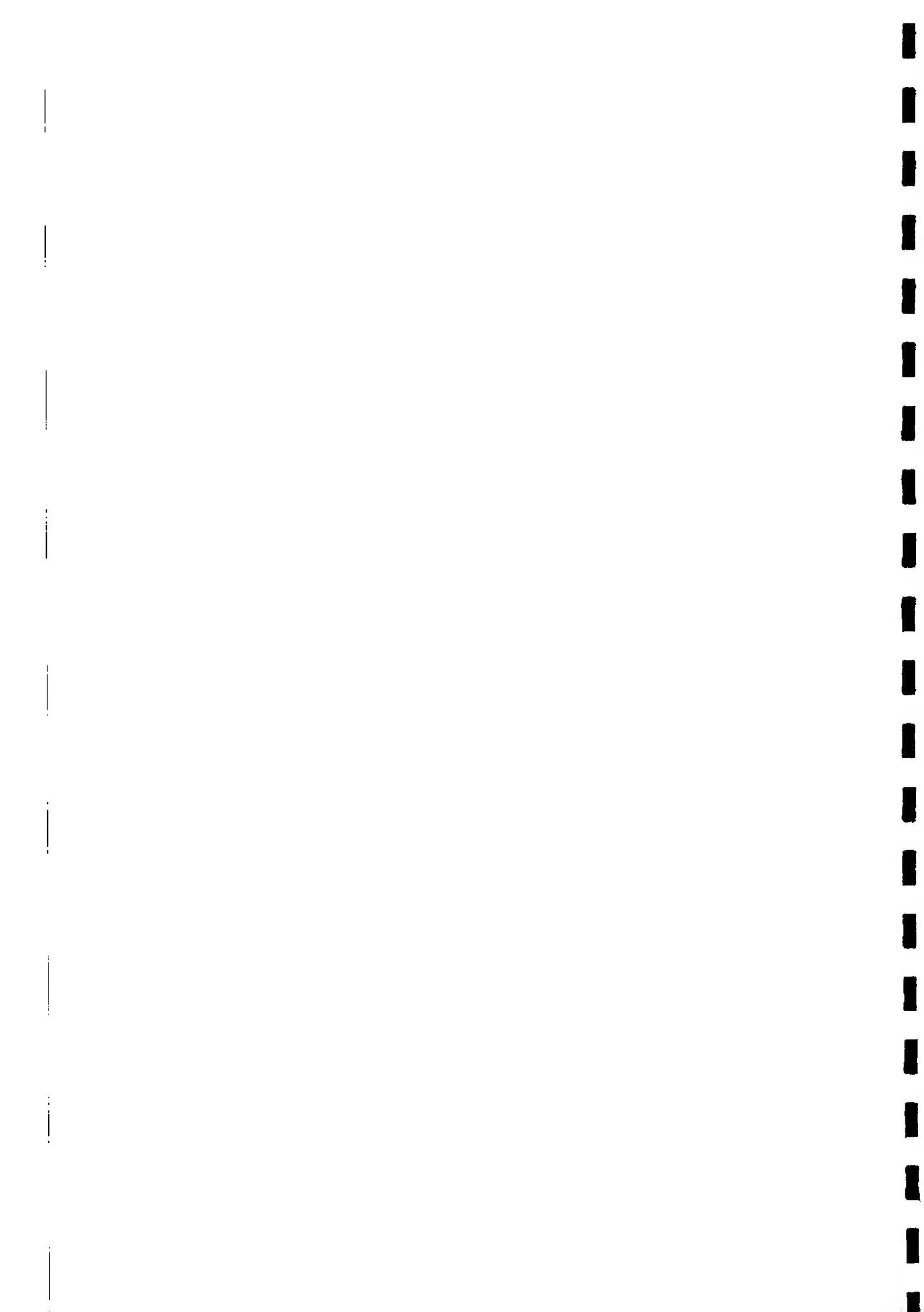
|

- d) MG noem verder dat in hierdie geval geen uitsonderlike verbetering is nie weens Ouditeur-Generaal bevindinge hulself jaar-tot-jaar herhaal. MG noem dat beamptes verantwoordelik gehou moet word vir onder-en-bospanderings, ongemagtigde uitgawes, ens.
- e) MG noem verder dat die IDP en Begroting nie goed belyn is nie, met verwysing na die verskil in projekte bedrae en ander aspekte.
- f) MG noem verder dat welsnakoming binne prestasiebestuur sowel as ander departemente van kardinale belang is met verwysing na vorige jaar se bevindinge teenoor hierdie jaar se bevindinge.
- g) MG noem dat oudit inligting bygehou moet word en aan Ouditeur-Generaal voorsien word om sodoende inligting tekort te vermy en moontlik ouditkoste te verlaag.
- h) MG noem inliggend dat die Jaarverslag moet weerspieël die aktiwiteite en prestasies van die i) Raad, ii) Gemeenskap, en iii) Munisipaliteit en dat die drie (3) partye se hersienings uitslae min of meer dieselfde moet wees.
- i) MG is van mening dat die Jaarverslag nie deeglik met gemeenskap deurgewerk is nie en noem dat die MPAC insae of kommentare moes ontvang vanaf die "Steering Committee", "Representative Forum" en wykskomitees aangaande Jaarverslag aktiwiteite.
- j) MG versoek dat departementele samewerking deur middel van verslae uitreikings na verskillende soos in dié geval die finansiële verslag ingehandig word na Interne Oudit. Ten doel om rapportering meer effektief te laat geskied en probleem areas vinniger te identifiseer om opgelos te word.
- k) Uitbetalings aan diensverskaffers sonder stawende dokumente moet nie goedgekeur word nie, weens dit ongemagtigde uitgawes is, en netso ook nie verslae van uitbetalings aan diensverskaffers waarin laasgenoemde gevind word goedgekeur toegestaan word nie. MG noem verder dat dissiplinêre stappe gevolg moet word teen amptenare wat hulself skuldig maak aan onder andere ongemagtigde uitgawes en dat hulle aanspreeklik gehou moet word vir soortgelyke uitgawes.
- l) RW noem dat terugvoeringsproses vanaf Raad ook oneffektief is, met verwysing na vorige jaar se aanbevelings.



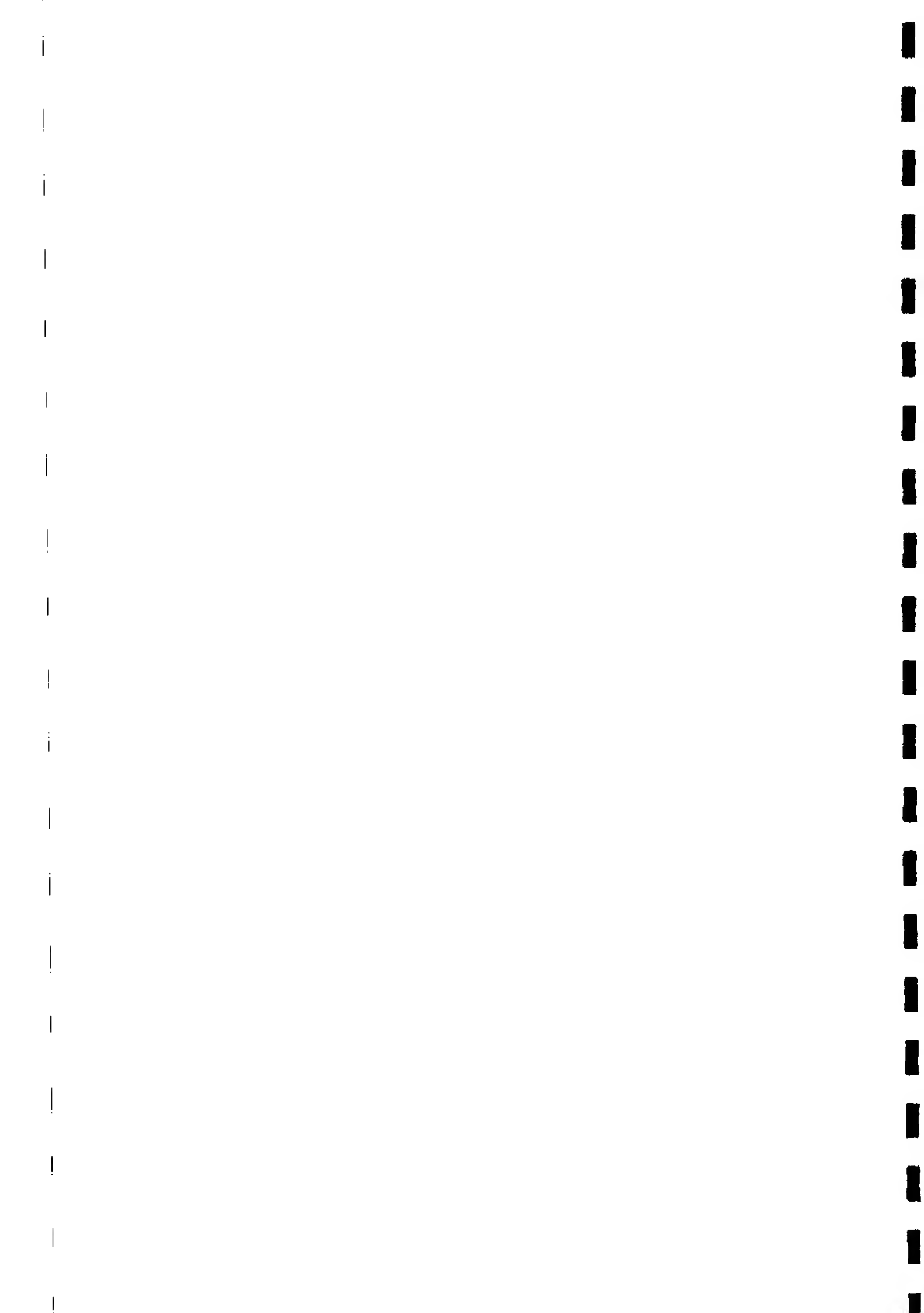


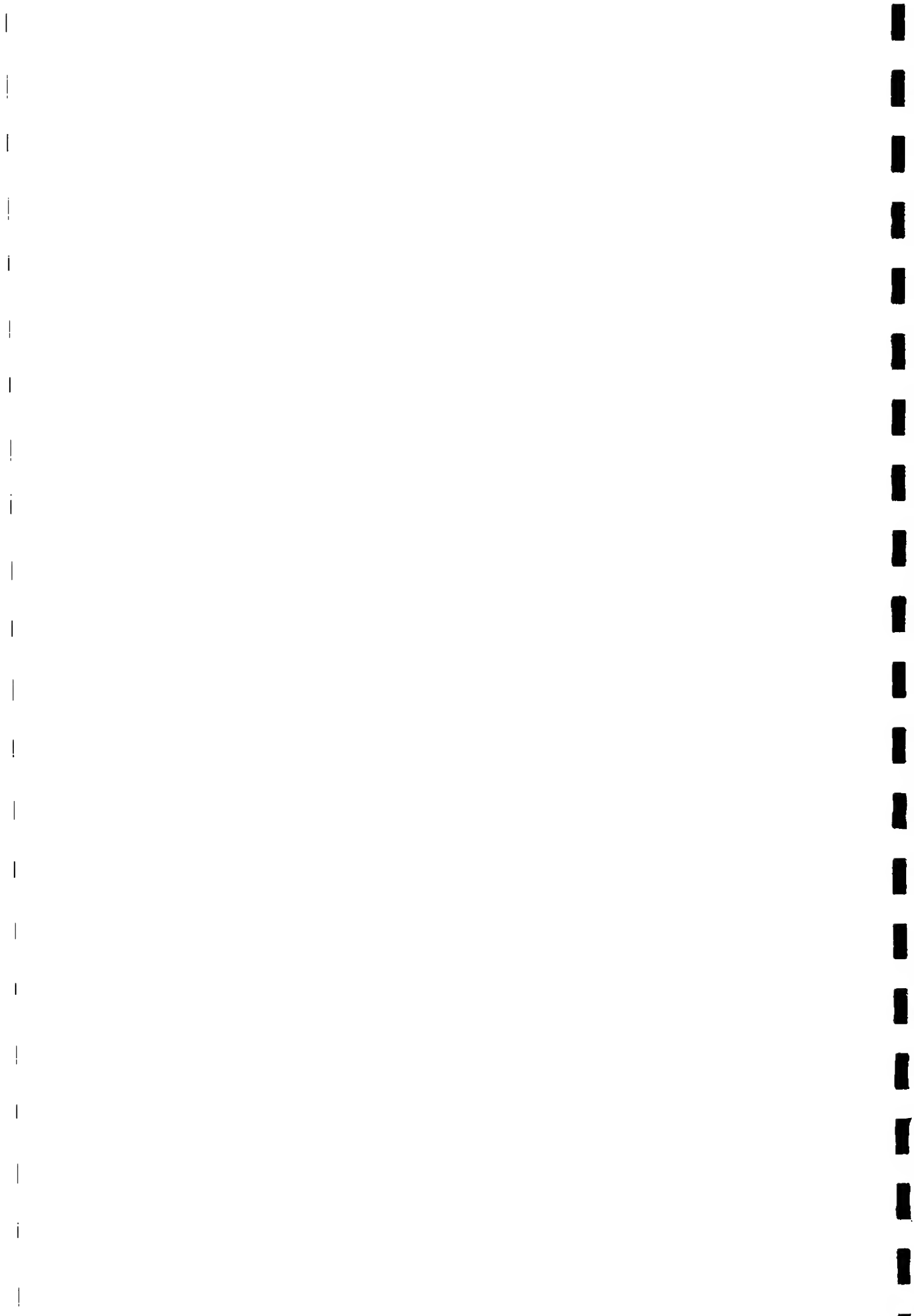
- m) MG noem ter ondersteuning van RW dat die verskywing van begrote bedrae munisipale prestasie verhinder en verwys na items wat voor begroot word en geen uitvoering kry nie en later geld verskyl word na 'n ander item of bedrag aanvulling vir 'n ander item.
- n) Burgemeester maand-tot-maand ophoogte gehou moet word aangaande vordering op implementering van begrotingsprojekte en of programme.
- o) MG noem verder dat die Munisipale Bestuurder amptenare skriftelik moet aanmaan of dissiplineer. MG verwys na, byvoorbeeld, Raad en, of Bestuursbesluite wat nie uitgevoer word nie en klagtes vanuit die Klagtes Registers wat nie aandag geniet nie.
- p) MG noem verder dat die Munisipale Bestuurder deurlopende die Finansiële en Infrastruktuur departement moet monitor weens die twee departemente baie onder afdelings het. Spanderings moet geskied soos voor begroot en elke hooft moet toesien dat departementiële operasies en aktiwiteite tydig af te handel om sodoende prestasie van departement te verseker. Taak toedeling vir daaglikse take die beste versekering sal wees om verlangde prestasie binne departemente te bekom, met verwysing na die Infrastruktuur Departement.
- q) MG doen 'n beroep dat, die Inkomste en Uitgawe dokumente binne die Finansiële Verslag soms baie fyn geskryf is en dat dit onleesbaar is, die skrif vergroot moet word.
- r) MG noem dat die voorwoord van die Uitvoerende Burgemeester en Munisipale Bestuurder in teenstryding is met wat die Ouditeur-Generaal se verslag uitwys en verlang dat aandag geskenk moet word.
- s) MG versoek verder dat die MPAC vir die toekoms moet bestaan uit die MPAC Raadslede en die Ouditkomitee as geheel weens slegs die Ouditkomitee voorsitter volgens voorskrifte uitgenooi moet word.
- t) Voorsitter en die komitee is eenparig dat die Provinsiale Departement se kommentare sowel as die MPAC Jaarverslag Gespreksesie Verslag aangevul en regestel moet word.



**5. RECOMMENDATIONS TO COUNCIL:**

- **THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2014/2015 BE APPROVED IN TERMS OF SECTION 129 (1) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE ACT (MFMA ACT NO.56 OF 2003);**
- **THAT THE ANNUAL REPORT 2014/2015 BE APPROVED IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA ACT NO.56 OF 2003) WITH OR WITHOUT RESERVATIONS**
- **THAT THE 2014/2015 OVERSIGHT REPORT OF LAINGSBURG MUNICIPALITY BE MADE PUBLIC IN TERMS OF 129(3) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO.56 OF 2003, AND**
- **THAT THE OVERSIGHT REPORT BE SUBMITTED TO THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MUNICIPAL FINANCE MANAGEMENT ACT.**







---

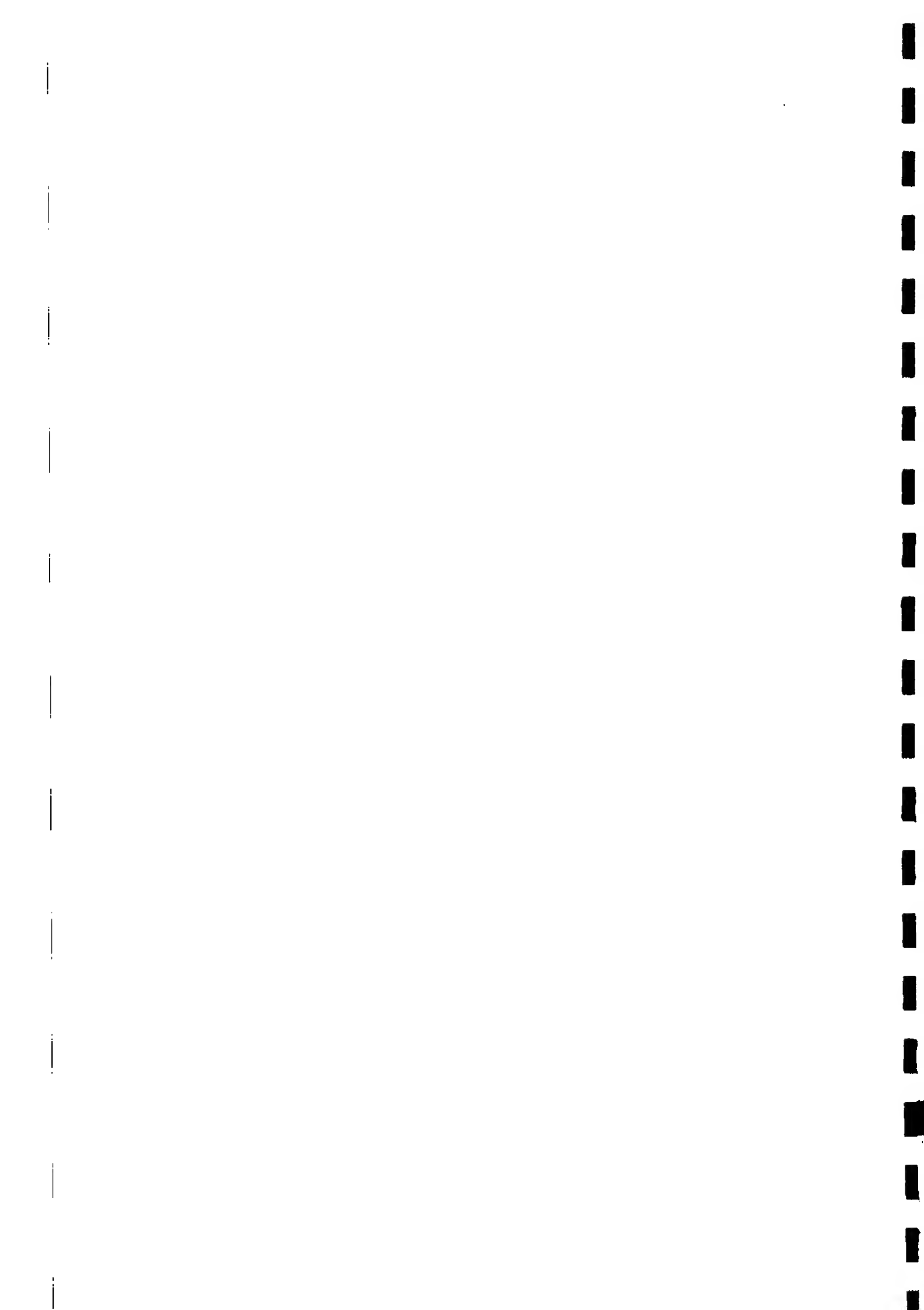
## **2014/15 ANNUAL REPORT ASSESSMENT LAINGSBURG MUNICIPALITY**

### **1. INTRODUCTION**

MFMA section 121(1) states that every municipality and every municipal entity must for each financial year prepare an annual report. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

MFMA sections 121 (3) and (4) sets out the framework relating to the content of the annual reports for both municipalities and municipal entities. These include:

- The annual financial statements of the municipality/entity and if municipality has municipal entities, consolidated annual financial statements as submitted to the Auditor-General for audit.
- The audit report of the Auditor-General in terms of both section 126(3) of the MFMA and section 45(b) of the MSA.
- Municipality's annual performance report as per section 46 of the MSA.
- Assessment of any arrears on municipal taxes and service charges.
- Assessment of municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the municipality's approved budget.
- Particulars of corrective action taken or to be taken on issues raised in audit reports.
- Explanations to clarify issues on financial statements.
- Any other information determined by the municipality/entity including recommendations made by the audit committee and any other information as may be prescribed.



National Treasury has further introduced the new annual report template and MFMA Circular No. 63 on 26 September 2012. MFMA Circular 63 aims to provide guidance to municipalities and municipal entities on the new Annual Report format and its contents.

## 2. PURPOSE

The purpose of this assessment is to fulfil Provincial Treasury's oversight role as outlined in sections 5 and 6 of the MFMA. In addition, the assessment aims to –

- assist the municipality to demonstrate accountability;
- promote organisational learning; and
- promote an understanding of the municipality's operational performance; and ultimately assist the municipality in decision making activities.

## 3. LEGISLATIVE COMPLIANCE

Table 1 Legislative Compliance

	Applicable legislation	Comment and recommendations
Annual Report tabled to council	MFMA section 121(1)	The Annual Report (AR) was tabled to council on the 21 January 2016. This is within 7 months after the end of the financial year.
Annual Report made public and public invited to comment	MFMA section 127(5)	The communities were invited to make comments on the Annual Report on the 25 <sup>th</sup> January 2016. The advert was published at <a href="http://www.laingsburg.gov.za">http://www.laingsburg.gov.za</a>
Has the Municipality conducted public participation on the Annual Report	MFMA section 127(5)	Laingsburg municipality conducted public participation on the Annual Report. The meetings with all the wards were held on the 25 <sup>th</sup> January 2016
Annual Report submitted to PT	MFMA section 127(5)	The Annual Report submitted to Provincial Treasury on the 25 January 2016.
Annual Report placed on website within 5 days after tabling in Council	MFMA section 75	The Annual Report was placed on the municipal website on the 25 January 2016.

Source: PT network and municipal website

From the table above, it can be concluded that the municipality's draft annual report complied with the legislation regarding tabling, the legislation regarding, tabling, publicising documents for comments, submission to Provincial Treasury and placement on the Website.





#### 4. FORMAT OF THE ANNUAL REPORT

This section is to determine if the annual report complies with the Annual Report Template as prescribed by MFMA Circular 63.

**Table 2 Format of the annual report**

	Yes/No
<b>Chapter 1: Mayor's Foreword and Executive Summary</b>	
<b>Executive Mayors foreword</b>	
Strategic alignment to Provincial and Growth and Development Strategy.	No
Corrective actions taken to ensure that strategic objectives as stipulated in the IDP were achieved.	No
Methods used/implemented to improve public participation and accountability.	No
Statement of corrective actions whereby service delivery can be improved.	No
<b>Municipal Managers foreword</b>	
Functions and Powers of the municipality/entity in relation to section 155/156 of the Constitution and Chapter 3 of the MSA.	No
Sector departments and the sharing of functions between the municipality/entity and sector departments.	No
A statement on the previous financial year's audit opinion.	No
Information related to the revenue trend by source including borrowings undertaken by the municipality.	No
The internal management changes in relation to section 56/57 managers.	No
Risk assessment, including the development and implementation of measures to mitigate the top 5 risks.	No
<b>Municipal Overview</b>	
Information on socio-economic conditions (demographics, economic growth, population, growth)	Yes
Outcomes of both success and not so successful initiatives embarked upon.	No
<b>Chapter 2: Governance</b>	
Component A: Governance Structures, Political Governance Structure and Administrative Governance Structure.	Yes
Component B: Intergovernmental Relations: Intergovernmental Relations.	Yes
Component C: Public Accountability and Participation (Public Meetings and IDP Participation and Alignment.	Yes



	Yes/No
Component D: Corporate Governance (Risk Management, Anti-corruption and fraud, Supply Chain Management, By-laws, Websites, Public Satisfaction on Municipal Services, All municipal oversight committees.	Yes
<b>Chapter 3: Service Delivery</b>	
Component A: Basic services, Housing and free basic services	Yes
Component B: Road Transport- Roads , Transport	Yes
Component C: Planning and Development	Yes
Component D:Community and social services	Yes
Component E: Environmental protection	N/A
Component F: Health	N/A
Component G: Safety and security	Yes
Component H: Sport and recreation	Yes
Component I: Corporate policy offices and other services	Yes
<b>Chapter 4: Organisational Development Performance</b>	
Component A: Introduction to the municipal workforce (Total Employment, to include staff turnover)	Yes
Component B: Managing the municipal workforce Levels on reporting should be broken down to MM & section 56, top management, assistant managers, supervisors, etc.	Yes
Component C: Capacitating the municipal workforce.	Yes
Component D: Managing the municipal workforce expenditure.	Yes
<b>Chapter 5: Financial Performance</b>	
Component A: Statement of Financial Performance	Yes
Component B: Spending against Capital Budget	Yes
Component C: Cash flow Management and Investment	Yes
Component D: Other Financial Matters	No
<b>Chapter 6: Auditor-General Audit Findings</b>	
2013/14 Audit Opinion	Yes
2014/15 Audit Opinion	No

According to MFMA Circular 63, the following information must be completed and added to the Annual report to ensure that it complies with the requirements of various legislations:



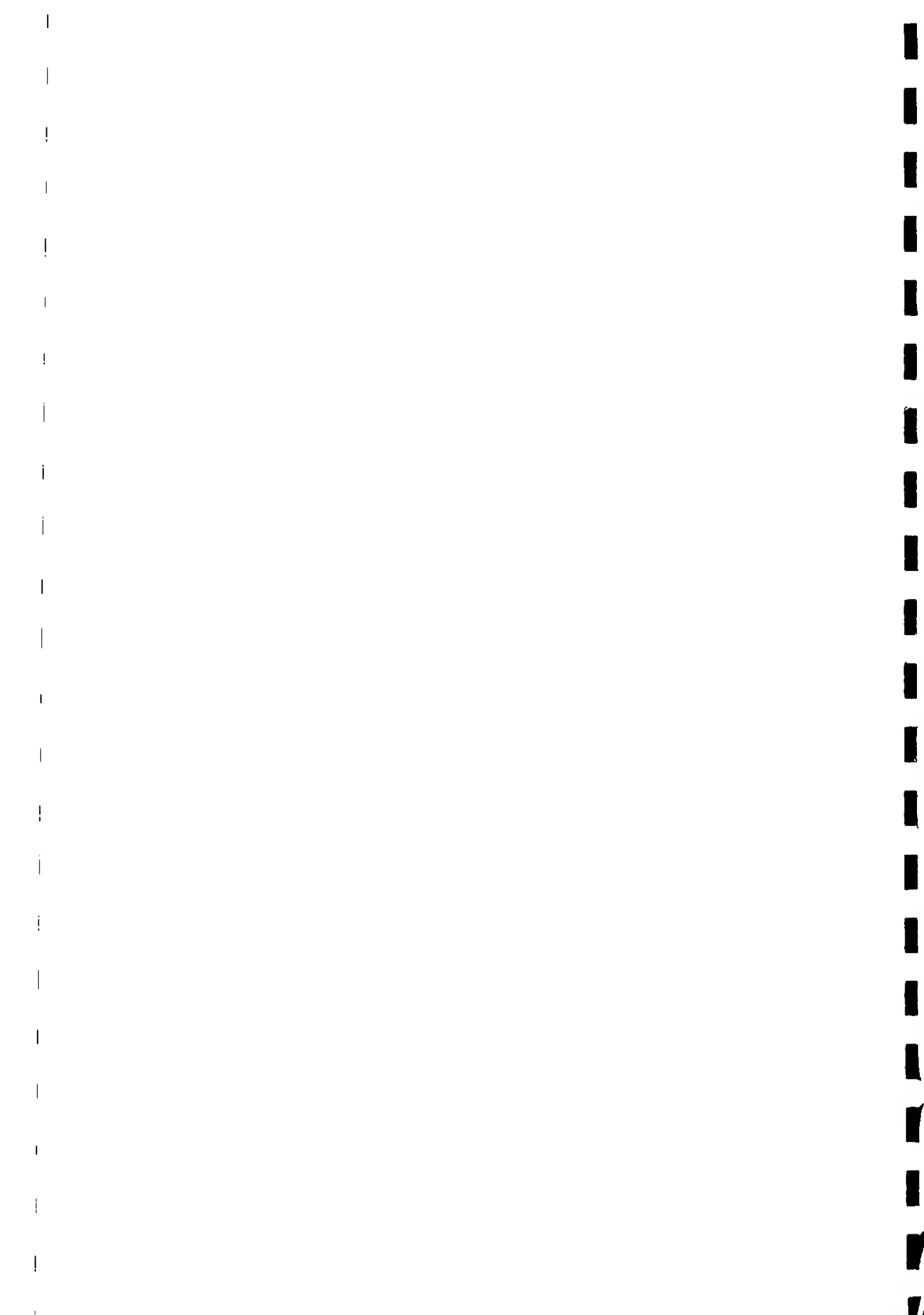
Appendices	Yes/No
Appendix A: Councillors; Committee Allocation and Council Attendance	No
Appendix B: Committee and Committee Purpose	No
Appendix C: Third Tier Administrative Structure	No
Appendix D: Functions of Municipality/Entity	No
Appendix E: Ward Reporting	No
Appendix F: Ward Information	No
Appendix G: Recommendations of the Municipal Audit Committee	No
Appendix H: Long Term Contracts and Public Partnerships	No
Appendix I: Municipal entity/Service Provider Performance	No
Appendix J: Disclosure of Financial interest	No
Appendix K: Revenue Collection Performance	No
Appendix L: Conditional Grants Received : excluding MIG	No
Appendix M: Capital Expenditure –New & upgrade /Renewal Programmes :including MIG	No
Appendix N: Capital Programme by project current year	No
Appendix O: Capital Programme by Project by Ward Current Year	No
Appendix P: Service Connection Backlogs at schools and Clinics	No
Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is responsible for Service Provision	No
Appendix R: Declaration of Loans and Grants made by the Municipality	No
Appendix S: Declaration of Returns not made in due Time under MFMA s71	No
Appendix T: National and Provincial Outcome for Local Government	No

## 5. FINDINGS

### Comments

The 2014/15 draft annual report of the municipality partially complied with the new format. The following components are missing from chapter 1, 5 and 6 of the report:

- The Mayors and the Municipal Manager's forewords are missing from Chapter 1. It is recommended that these sections be included in future draft Annual Reports.
- The municipality indicated that these will be included after the audit findings. However, at the time of the release of the report on 25 January 2016, the audit findings was already available



In Chapter 5 of the report, the following component is not included:

- Component D: Other Financial Matters.

In Chapter 6 of the report, the following component is not included:

- The audit outcomes for the 2014/15 financial year. However, at the time of the tabling of the annual report the audit outcomes were already available its therefore does not make sense why it was not included.

### **Appendices**

Laingsburg Municipality did not include any of appendices in its report. In terms of MFMA Circular 63, all appendices (a-i) must be completed and added to the Annual Report. The Municipality must address this before the adoption of the Annual Report.

### **Municipal Reporting**

Basic Service Delivery performance features prominently in the Annual Report making specific mention of issues pertaining to: Housing, Roads, and public safety. Laingsburg municipality made a comprehensive detailed outline of the LED strategy in its annual report. A comprehensive reference is made to LED initiatives and the progress thereof.

Free Basic Services to indigent households has been highlighted with specific performance to date including Rand value of service delivered. The 2014/15 annual report indicates the percentage of indigent households that have access to free basic municipal services within the municipal area.

### **Performance Reporting**

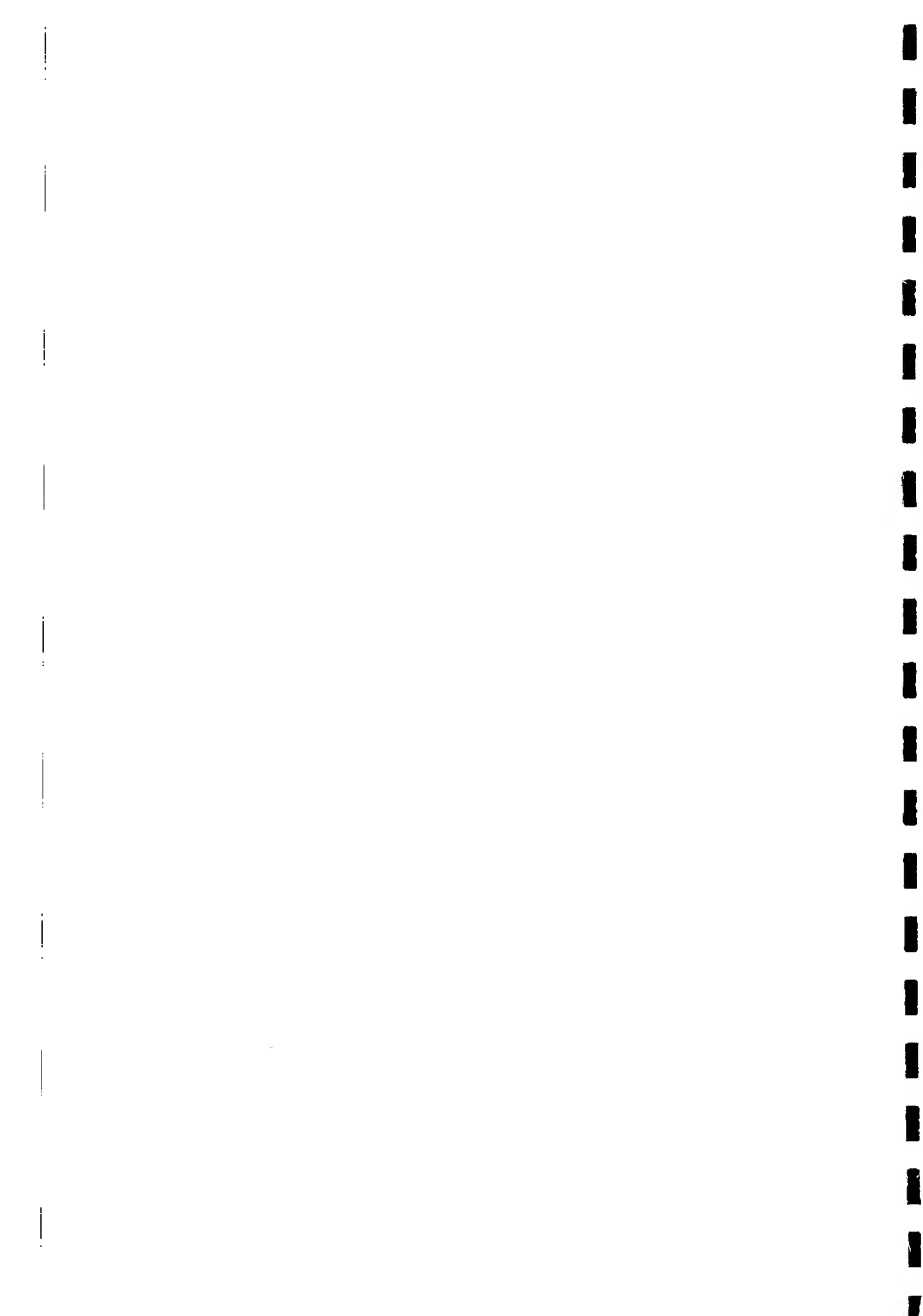
The following are the highlights with regard to service delivery: 429 new work opportunities were created through the municipality's EPWP program. Laingsburg municipality is also committed to poverty alleviation and has provided well for indigent grants in its annual budget.

The performance report, which is included in pages 48 - 57 of the Annual Report, indicates that the municipality has achieved 66.7 per cent of its targets for 2014/15. However, the municipality did not meet 33.3 per cent of its targets for the annual report. In order to improve, further planning as well as refining indicators and targets the municipality need to do a comprehensive analysis of the reasons why targets were not met and formulate appropriate corrective measures.

### **Progress in eliminating backlogs**

The Municipality have to confront challenges of development backlogs and poverty. As per page 64-68 of the report, the municipality is experience challenges with regard to electricity, waste management, housing and refuse removal. To address the above challenges, the municipality need funding.



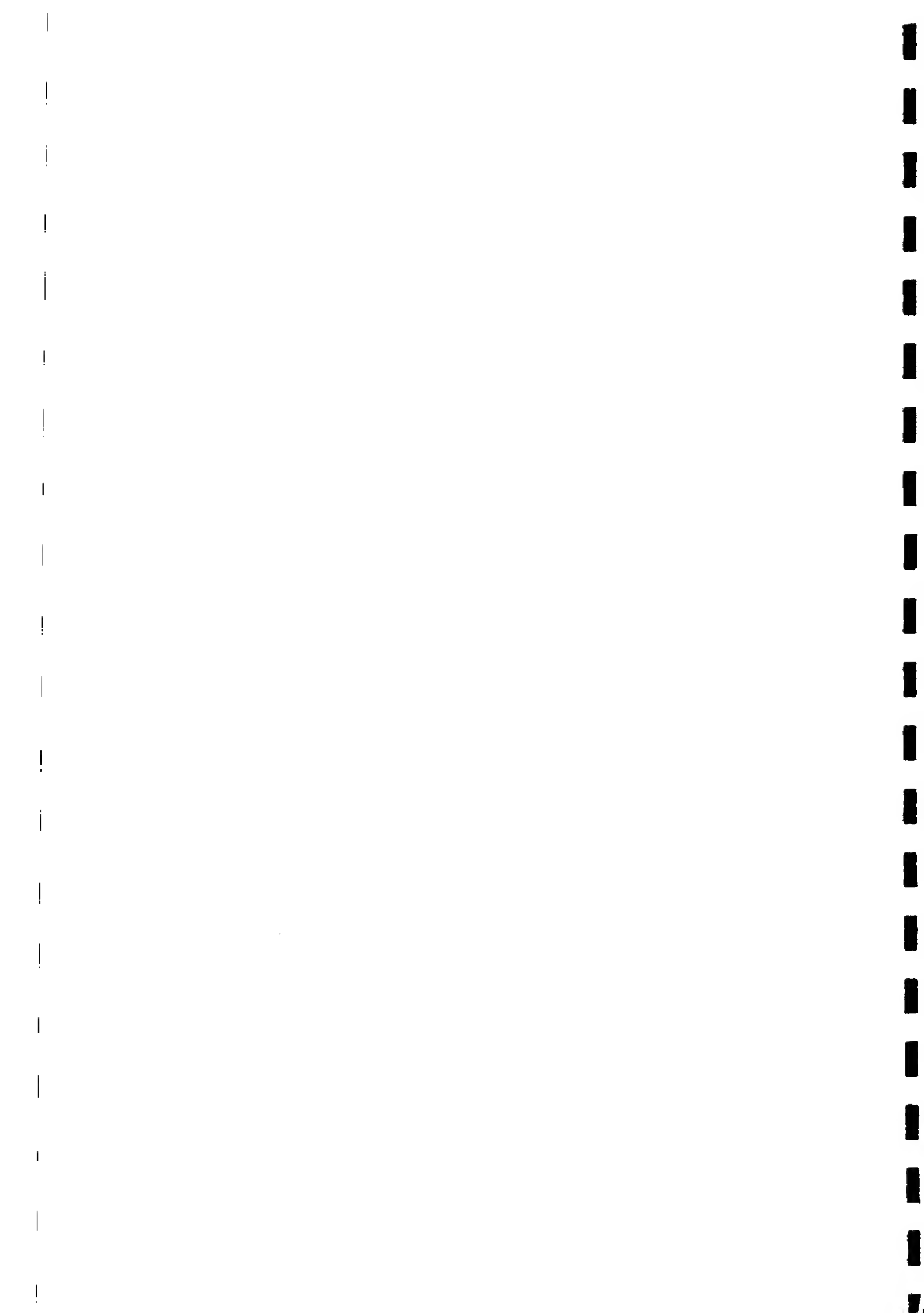


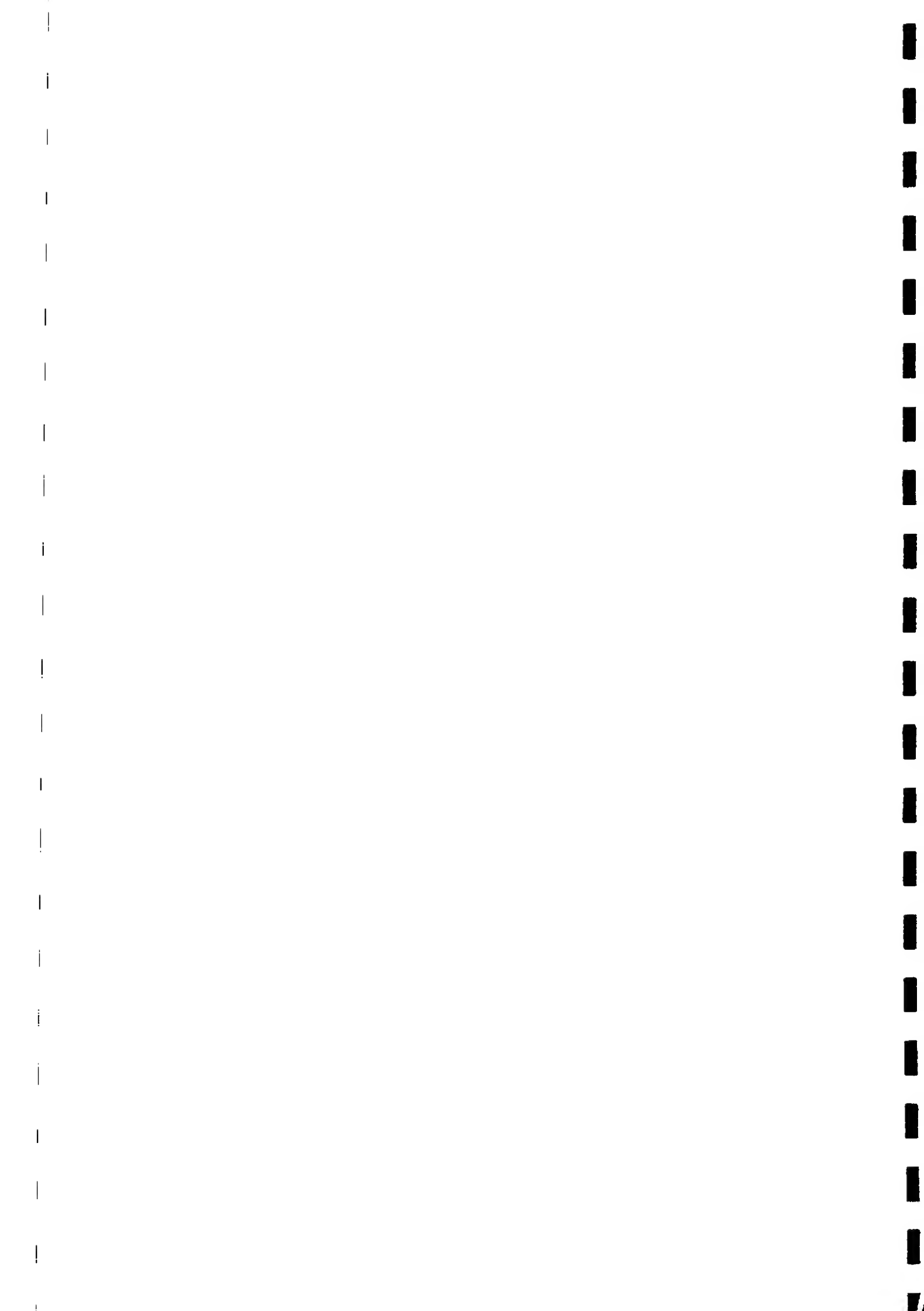
## **6. RECOMMENDATIONS**

The municipality's draft annual report complied with legislation regarding tabling, publishing document for comments, submission to Provincial Treasury and placement on the Website. The draft 2014/15 Annual Report is in the new format, however it does not fully comply with MFMA circular 63 and MFMA section 121 as there are missing components in Chapter 1, 5 and 6 of the Report.

For those sections that partially comply with the requirements of Circular 13, e.g Chapter 1, 5 and Chapter 6 of the municipality must strive to fully comply with the Circular. It is recommended that the Municipality take cognisance of omissions highlighted above, particularly with respect to the appendices.

Circular 63 recommend that the Municipality should strive towards tabling the annual report within two months after the end of the applicable financial year, which is currently not the case.





**FIRST MEETING OF MPAC HELD ON 18 FEBRUARY 2016 IN THE COUNCIL CHAMBERS OF THE  
LAINGSBURG MUNICIPALITY**

**PRESENT**

Councillors P Botes (Chairperson), M Gouws, M Bobbejee and J Botha

**SECOND MEETING OF MPAC HELD ON 22 FEBRUARIE 2016 IN THE COUNCIL CHAMBERS OF THE  
LAINGSBURG MUNICIPALITY**

**PRESENT**

Councillors P Botes (Chairperson), M Bobbejee, J Botha as well as Pieter Post (Internal Auditor) and Lozola Matshanda (Compliance Officer).

**PURPOSE**

Evaluation and recommendation to the Council of the Annual Report 2014/2015 of the Laingsburg Municipality

After a thorough study of the report the following recommendations were made:

1. The information contained in the report appears to be reliable and correct.
2. Certain alterations are suggested in terms of grammar, spelling etc. with reference to the following pages:

p.17          govern should have a small letter

p.18          illustrates

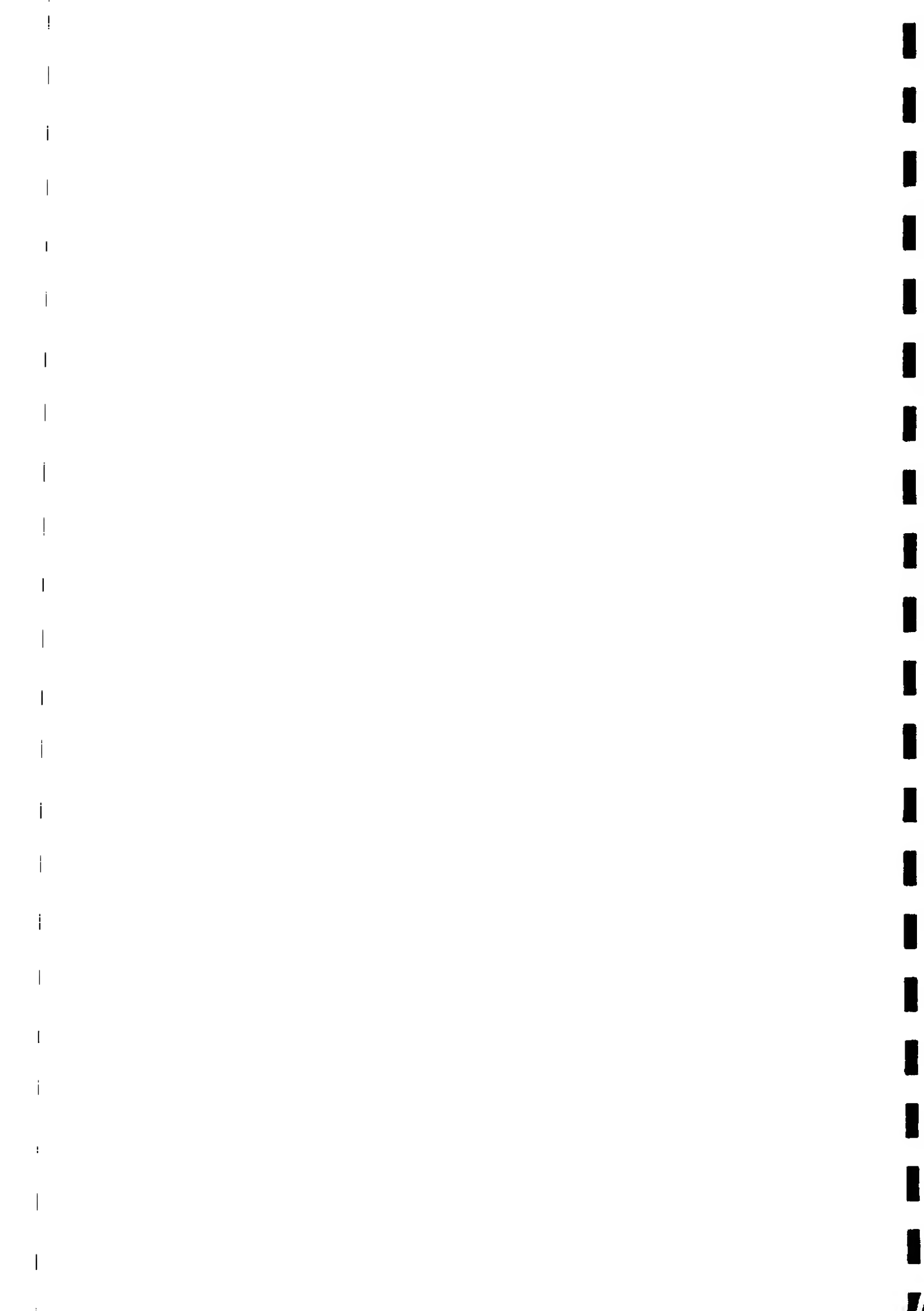
p.19          The municipality's main socio-economic challenges include the municipal inability to attract investors to the town, ...Agriculture has historically been the dominant sector in the region, but there has been strong growth in finance, insurance, real estate and business services which is linked to various sectors within the Laingsburg Municipality environment, including wholesale and retail, trade, catering and accommodation.

The municipality covers an area of approximately 8 800 square kilometres and the town of Laingsburg, 276 km from Cape Town, is the main centre...

p.20          ...that laid Laingsburg waste...  
...only a century after it started.

p.22          contributors

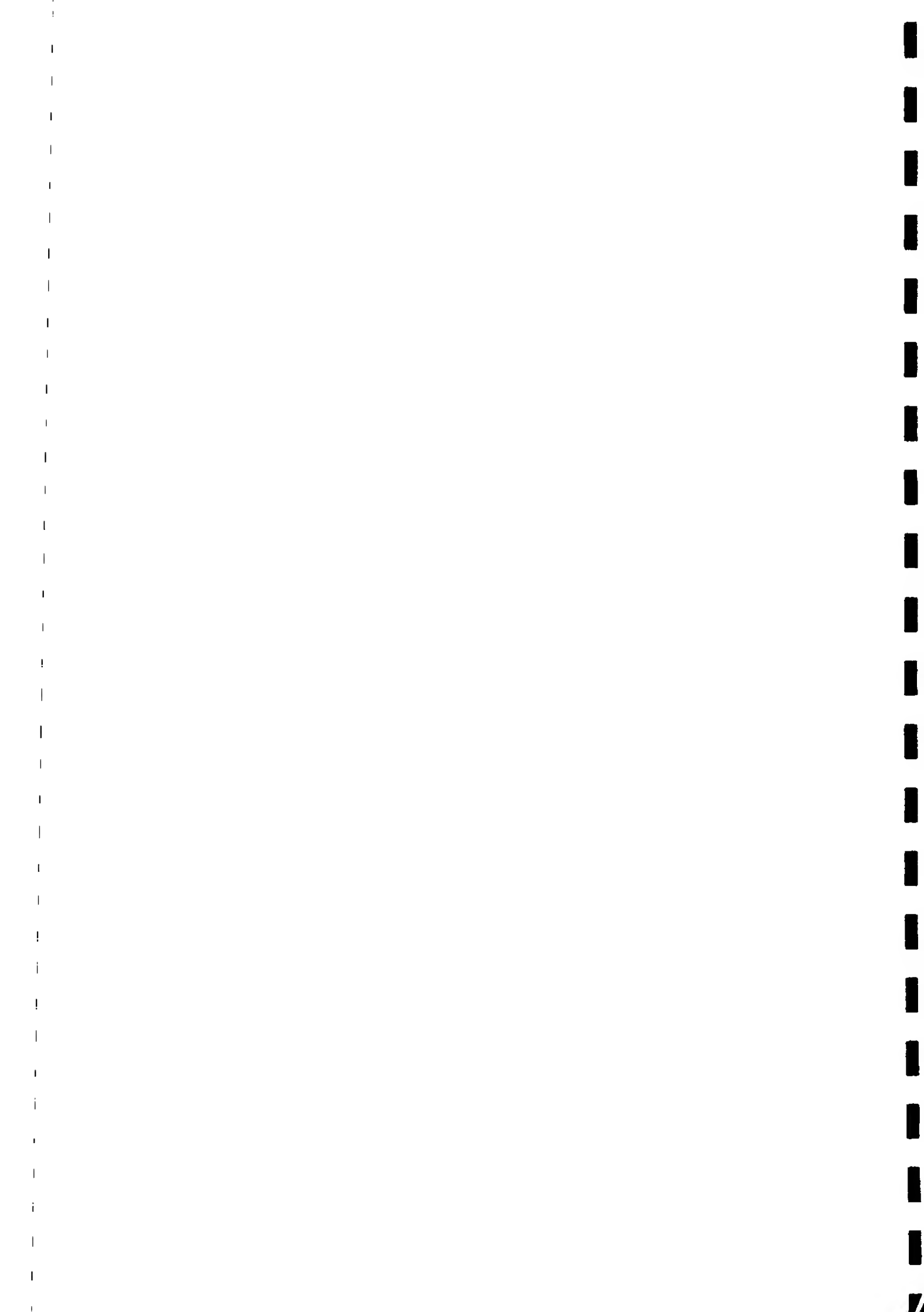
p.27          held



- p.32 implementation
- p.39 second paragraph: of whom
- p.46 highlights
- p.47 consolidates
- p.48 include  
evidence
- p.49 See the diagram at the end of the page: some words are missing:

To achieve financial viability in order to render service  
To create an institution with skilled employees to provide service

- p.50 ...documents needed to be attached...
- p.52 ...where no metering is in place to ensure that less water is unaccounted for...
- p.56 ...to create an institution  
...to provide a professional service...
- p.58 ...requirements of the contract are complied with ...
- p.60 ...delivery levels per household...
- p.62 household
- p.64 Laingsburg Municipality buys and sells. Households...buy...  
Laingsburg Municipality makes use of...
- p.65 ...makes use of labour...
- p.66 ...make...  
household
- p.67 ...taking longer than expected...
- p.70 ...maintained...
- p.71 spent
- p.72 raise
- p.74 programmes
- p.75 visit





p.77	They were...
p.78	Arbour Day
p.82	There is...
p.84	form
p.85	Construct 171 housing top structures... spent
p.93	need
p.117	adjustments
p.122	Gross Domestic Product

3. On the subject of Tourism there is a good description in the report of the Vleiland area. We suggest that other places of attraction be included such as the *Seweweeks Poort* and the *Bosluiskloof Pass*.

Possible inclusions:

*If the tourist continues along the road from Vleiland he will reach the entrance to Seweweeks Poort. On the left the road goes down the Bosluiskloof Pass, which is in excellent condition and is a fine example of early roads in the Karoo. Breathtaking scenery causes one to climb out of the car to take it all in. Photographers will take shots of seemingly endless vistas of undulating valleys. Nature lovers will notice a variety of wildlife including antelope and baboons and birds such as Brown-hooded Kingfishers, which keep to dry areas of thornbush, and Rock Kestrels. This road ends at the Gamka Dam which is worth a visit.*

*If the traveller continues straight on with the gravel road into Seweweeks Poort he will be rewarded with 15 km of awe-inspiring mountain views. The level road winds on with high mountains towering over it, their slopes covered with indigenous trees and plants. Rock rabbits or dassies and other small game scurry over the road which crosses the Seweweeks Poort stream many times. In winter the mountain peaks may be covered with snow. Where the traveller meets the asphalt road at the tiny village of Amalienstein, he may turn right towards Ladismith and Montague or left to the Huis River Pass into Calitzdorp and on to Oudtshoorn.*

4. Please Note:

In this report a number of good descriptions of towns and areas has been given, e.g. Matjiesfontein and Vleiland. This is acceptable, but if the descriptions have been copied from other authors, then the source should be acknowledged e.g. *Die Burger* 15.07.2007.

5. We recommend that this report be accepted and ratified.

